EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WEST GERMANY

Social graces put best foot forward

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World News

Australian party leaders ousted in political coup

The leaders of Australia's opposition Liberal and National party coalition were ousted by parliamentary colleagues in a twin coup which altered the complexion of the country's politics. Page 26

Arabs back PLO

Leaders of the Arab world are to meet in Morocco to back PLO leader Yassir Arafat's peace approaches to Israel. Page 4

Abortion divisions

Poland's liberal abortion laws are emerging as one of the most divisive issues in the country's parliamentary election campaign. Page 3

Chinese students

Chinese student activists said they would continue protest strikes despite government assurances of "political restructuring". Page 4

Swiss poison fear

A Swiss engineering firm has pulled out of an Iranian chemical project, fearing it could be used for making poison gas. Page 2

Burmese schools

The Burmese regime will begin reopening schools in June, one year after they were closed following demands for more democracy. Page 7

Piper Alpha record

The explosion of the UK Piper Alpha drilling platform in the North Sea represented the biggest insurance loss ever in a man-made disaster. Page 3

US ship fire

A fire aboard a US combat supply ship in the South China Sea killed six sailors and injured at least five.

Japanese conviction

Isao Nakaseko, a Japanese businessman linked to politicians, was sentenced to three years hard labour for tax evasion. Page 7

ETA kill police

Basque separatists killed two policemen outside a Spanish prison holding dozens of their comrades.

Egyptian arrests

The Egyptian government has detained thousands of its opponents, particularly Moslem activists, in recent years and tortured many of them, according to Amnesty International Page 4

Economic terrorism

Argentina's Economy Minister, Juan Carlos Pugliese, described the flight from the national currency, the austral, as "economic terrorism". Page 6

Tunnel pledge

British Rail's proposals for a high-speed line from London to the Channel Tunnel will not be allowed to "ruin" south-east England, Paul Channon, Transport Secretary, said. Page 10

Babangida in UK

President Ibrahim Babangida, Nigeria's military leader, was greeted by Queen Elizabeth when he arrived in London for a three day state visit. Page 4

Liberian riot

Anniversary celebrations in Monrovia, Liberia, turned into a riot over lack of food.

Business Summary

G7 disarray as dollar continues strong rise

The dollar firmed on world currency markets and central banks of the Group of Seven countries failed to offer a concerted response to the US unit piercing the DM1.90 barrier. Page 26

UNION Bank of Switzerland, the country's biggest bank, backed major changes in corporate practices. Page 28

RJR Nabisco, US foods giant owned by Kravis Kohlberg Roberts, put its European biscuits and snacks companies up for sale. Page 27

DAIMLER-BENZ, West German motor conglomerate, attacked the Bonn government's decision on the proposed takeover of Messerschmitt-Bölkow-Blohm, the aerospace group. Page 3

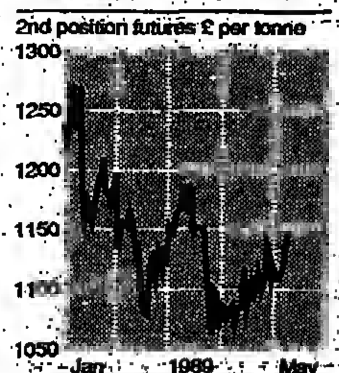
STAD ROTTERDAM, Dutch insurance group, is holding negotiations with EC-based financial groups, aiming at a share-swap. Page 28

HONG KONG'S Futures Exchange won support for a new constitution endorsing expansion plans. Page 7

COFFEE: Panic covering of short positions sent robusta coffee futures prices soaring on the London market as concern mounted over supplies. Page 38

Coffee

2nd position futures £ per tonne



MIDLAND, major UK bank, has launched a credit card which benefits arts organisations every time it is used. Page 12

MOTOROLA, US communications company, may be the subject of a Gatt appeal over the allocation of Japanese radio frequencies. Page 8

INDIA has extended a $50m line of credit to Iraq, in a bid for a share of the engineering goods markets. Page 8

GIB GROUP, Belgium's largest retailer, unveiled a new do-it-yourself acquisition in the US. Page 29

BAYER, one of the Big Three West German chemicals groups, appears on course for another record year after a 20.8 per cent profit increase. Page 28

BANNER Industries, US aerospace group, is to acquire Fairchild Industries for $18 a share in a deal worth about $400m. Page 29

EDGARS, South African retail chain, has lifted annual sales by more than a third. Page 30

HALLIBURTON, US oilfield group, reported a sharp decline in earnings. Page 29

SOUTHERN SUN, South Africa's largest hotel chain, has been boosted by an increase in the number of foreign tourists. Page 30

BUNZL, the UK manufacturing group, is to sell its loss-making transport division for $22.7m. Page 37

DFC NEW ZEALAND, a privatised investment bank 20 per cent owned by Salomon Brothers of the US, unveiled a slide into loss. Page 30

THAI AIRWAYS International, the Thai airline, is at the centre of a Cabinet row over privatisation plans. Page 7

US considers use of military force to remove Noriega

By Lionel Barber in Washington and Tim Coone in Panama City

PRESIDENT George Bush is considering the use of US military force among other options aimed at removing from power General Manuel Antonio Noriega, Panama's military ruler, the White House said yesterday.

The official US statement marked the opening shot in what is expected initially to be a war of words against Gen Noriega, who is accused of rigging the presidential elections in Panama in favour of Mr Carlos Duque, the pro-government candidate.

The elections were declared fraudulent by former US President Jimmy Carter, who headed a multi-party delegation of US and European observers to report on last Sunday's polls.

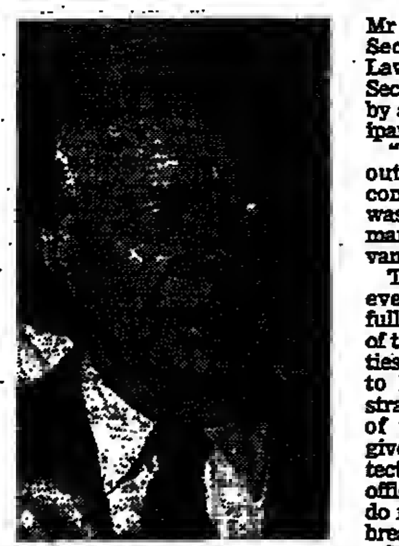
Last night President George Bush said: "Despite massive irregularities at the polls, the opposition has won a clearcut overwhelming victory. The Panamanian people have spoken and I call on General Noriega to respect the voice of the people."

Mr Bush would not discuss what action he might take, but the White House said earlier that he was considering a range of options, including military force.

Mr Carter, in a strongly worded statement on Monday evening, 24 hours after tha close of polling stations and with no official results having been announced, said: "The Government has stolen the elections by fraud. The Panamanian people have been robbed."

Confirming the impression of many foreign journalists and other observers, he said polling station returns had been removed from various regional counting centres "and have been substituted by counterfeit records."

Mr Bush, who met his top advisers in Washington earlier yesterday to discuss a response, is expected soon to seek the support of congressional leaders for future US action against the Noriega regime. Latin American states are also expected to be consulted.



Ex-President Jimmy Carter: denouncing Panama's elections as fraudulent

Despite widespread outrage over the reports of electoral fraud, congressional Democrats and Republicans were divided over whether the Administration should resort to force to remove Gen Noriega. There appeared to be growing support for limited moves to strengthen US bases in Panama by increasing tha number of combatants and removing some US civilians from the area.

Senator John McCain, a Republican from Arizona with close ties to the US military, said he supported dropping US drug trafficking indictments against Gen Noriega in an attempt to ease him from power and cautioned against the use of force.

Mr Bush's meeting yesterday, which included Mr Richard Cheney, Defence Secretary, Mr Brent Scowcroft, National Security Adviser, and Mr Lawrence Eagleburger, Deputy Secretary of State, was marked by a "sense of urgency," participants said.

"We did not leave anything out of the discussion, every conceivable range of options was discussed," said Congressman John Murtha, a Pennsylvania Democrat.

The Administration is, however, expected to tread carefully because of the provisions of the 1977 Panama Canal Treaties under which the US is due to hand over control of the strategic waterway by the turn of the century. Although it gives the US the right to protect US interests and citizens, officials acknowledge that they do not wish to be seen to be in breach of a treaty.

Mr Carter expressed his opposition to any change to the treaty or any economic sanctions or military intervention by the US. He said the US had to find a way to bring pressure on the Panamanian Government "without punishing the Panamanian people."

Ruling out any possible mediating role between the US and Gen Noriega, he said: "I will only meet with him now if he accepts the proper results of the elections."

He accepted as accurate the Roman Catholic Church's own sample of polling station results which were released on Monday. This gave a clear victory to Mr Guillermo Endara, the presidential candidate of the ADOC opposition alliance, over Mr Carlos Duque of Colina, the pro-government alliance.

Amid outbreaks of violence between government and opposition supporters, in which several people were wounded by gunfire, Mr Duque continued to insist that he had won the poll by a margin of 49.9 per cent to 44.9 per cent.

Opposition loses its innocence Page 24

Bankers call on IMF and World Bank to back loans

By Stephen Fidler, Euromarkets Correspondent, in London

THE financial resources of the World Bank and International Monetary Fund must be used to back loans by commercial banks to problem debtor countries, according to the Institute of International Finance, the Washington-based study group which speaks for the international banking community.

The call for credit enhancement for new bank loans, a controversial idea so far resisted by the two institutions, was contained in a letter sent this week to Mr Nicholas Brady, the US Treasury Secretary, who in March proposed a significant shift in the international debt strategy.

The letter, also copied to finance ministers and central bank governors of other industrial countries in the Group of Seven, expressed the institute's worries about the exclusive focus of some large debtor countries on those parts of the Brady proposals which envisaged accelerated reduction of debt and debt service burdens using support from the IMF and World Bank.

"It will also be necessary for these institutions to enhance new bank lending...A core group of international banks will respond to new money requests where an element of official support is present," it said.

The letter, signed by the Institute's chairman, Mr Barry Sullivan, the chairman and chief executive of the First National Bank of Chicago, has also been circulated to the more than 150 members of the institute.

Debtor countries were ignoring other important elements of the initiative – new lending by banks, which continued to be necessary, and measures to encourage other private capital inflows, including debt-for-equity swaps.

"It would be helpful if creditor governments were to send a strong message to debtor countries that voluntary debt and debt service reduction must be viewed as a means to restore financial health, not an end in itself," it said.

The Institute cast doubt on expectations of a substantial lowering of debt and debt servicing burdens. Given the funds likely to be available to support it, reduction of debt and debt service would only be limited.

Gold Fields sets deadline for Minorco

By Kenneth Gooding, Mining Correspondent, in London

A DAY of drama in Britain's biggest bid battle ended last night amid rapidly fading chances for success of the £3.5bn ($5.8bn) offer by Minorco, the South African-controlled investment company, for Consolidated Gold Fields, the UK diversified mining group.

This followed a ruling by the Takeover Panel, the City of London watchdog on takeovers and mergers which – while having serious implications for future British bids – did little to alter the course of the one for Gold Fields.

The Panel ordered Gold Fields to withdraw from the New York court action, which prevents Minorco completing its offer, or to put the matter to an extraordinary meeting of shareholders.

However, the Panel admitted that this might have no practical effect on the bid because Newmont Mining, the largest US gold producer, is for its own reasons a party to the New York action and seems unlikely to withdraw. In that case the injunction which prevents Minorco buying any more Gold Fields' shares and completing its offer would remain in place.

Gold Fields last night instructed its lawyers to withdraw from the court action, a move which gave Minorco only eight days in which to persuade Newmont or the New York judge to lift the injunction. The Panel had set a precedent by permitting the bid deadline to be extended by a maximum of three weeks to June 7 to give time for a Gold Fields' special meeting. However, it insisted that the Minorco offer should be finally completed or be allowed to lapse seven days after the Gold Fields' meeting or seven days from the date of Gold Fields' withdrawal from the New York action.

Thus the decision by Gold Fields to drop the case had the effect of putting the bid back on track to close on May 17 – the previous final date. If the offar lapses, Minorco would have to wait a year before making another bid.

Minorco said it would "now focus on resolution of the outstanding matters in the US." It added, however, that its attempts to start friendly discussions with Newmont had met an icy response.

Minorco recalled that it already had received five unsolicited approaches from North American companies interested in buying the 49 per cent stake held by Gold Fields in Newmont should it gain control of the UK group.

"We have asked those companies if they are prepared to make a tender offer for the whole of Newmont," said Mr Keith Irons, Minorco's vice-president for corporate affairs.

Minorco would give no indication of the potential buyers but analysts suggest that three Canadian companies, American Barrick Resources, Noranda, and Placer Dome, and two US groups, Amex Gold and Phelps Dodge, are the most likely candidates.

Minorco's statement lifted the Newmont share price by $1⅞ to $39⅞ yesterday.

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Pan Am may join battle for control of US airline

By Roderick Oram in New York

PAN AM, one of the most deeply troubled US aviation groups, said yesterday it was thinking of joining the battle for control of NWA, the parent of Northwest Airlines.

If a merger could be consummated in the face of big financial and regulatory hurdles, it would create one of the largest US airlines, accounting for about 24 per cent of traffic on trans-Pacific routes and about 20 per cent across the North Atlantic.

Attempting to dispel Wall Street's deep scepticism about its ability to finance a deal, Pan Am said its financial adviser, Prudential-Bache, the investment bank owned by Prudential Insurance Company of North America, was "considering providing very significant new equity" to it.

Pan Am added that its group of investors also included Equitable Life Insurance and the

Continued on Page 26

Banking papers found 'by chance'

Documents relating to bank accounts held by Panamanian leader Manuel Noriega were found "by chance" when customs officials raided the Bank of Credit and Commerce International in London's financial district, Britain's High Court was told yesterday. The country's customs authorities are challenging a judge's ruling that they cannot give information about the accounts to US drug enforcement agencies. General Noriega has been indicted in the US on drug trafficking charges. The hearing continues in London today. Report, Page 12

Guatemalan coup attempt defeated

Guatemalan President Cerezo Arevalo yesterday defeated a coup attempt inspired by retired army officers. The incident, which came almost exactly a year after the last such attempt, was put down by government troops after rebel soldiers took control of national radio and air force craft buzzed the presidential palace. Mr Cerezo, elected in 1986 after many years of almost continuous military rule and who has survived several assassination attempts, is being criticised in right-wing circles for opening talks with left-wing insurgents. Report, Page 6.

Glaxo chief executive quits as head of US unit is brought in

By Peter Marsh in London

GLAXO, Britain's biggest drugs company, yesterday reshuffled its boardroom, appointing Mr Ernest Mario, head of the company's US operations, to an expanded chief executive's role.

His appointment prompted the resignation of Mr Bernard Taylor, who has been Glaxo's chief executive for the past three years.

Mr Mario, 50, has worked for Glaxo in the US for threa years. He has been in charge of operations there for the past 10 months.

Glaxo, which has grown strongly in recent years to become the world's second biggest pharmaceutical company after Merck of the US, said that Mr Mario was being given the job of a new-style chief executive with responsibilities much expanded on those which Mr Taylor had exercised.

Mr Taylor, 53, had worked for Glaxo for 26 years and had been offered an executive position at the company reporting to Mr Mario but had turned this down. Glaxo said it had accepted Mr Taylor's resignation with regret.

Mr Taylor had had largely a co-ordinating job in his role as chief executive. He had been one of six executive directors reporting to Sir Paul Girolami, Glaxo's 63-year-old executive chairman.

In the new job to be carried out by Mr Mario, however, the chief executive will report directly to Sir Paul with the other five directors reporting to him.

Sir Paul, who has been the guiding light behind Glaxo's rise over the past five years, has made little secret of his wish to devolve more of his executive responsibilities to younger people in Glaxo's management hierarchy pending his retirement. This is expected within the next few years.

It is believed that Sir Paul decided some time ago that he wanted to expand the chief executive's job to make this clearly the number two position in the company to that of the chairman.

Glaxo also announced the appointment of a new non-executive director, Mr James Ferguson, former chairman of General Foods of tha US.

Background, Page 37

MARKETS

W. Germany

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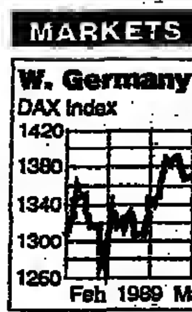

INTEREST RATES
US lunchtime
Federal Funds $9\frac{13}{16}$% ($9\frac{3}{4}$)
3-mth Treasury Bills: yield: 8.754% (8.79)
Long Bond: $98\frac{7}{32}$ ($99\frac{15}{32}$)
yield: 9.005% (8.98)
London
3-month interbank: close $12\frac{23}{32}$% ($12\frac{27}{32}$)

STERLING
New York close
$1.6648 (1.66515)
London:
$1.6605 (1.6696)
DM3.1800 (3.1850)
FFr10.7400 (10.7425)
SFr2.8300 (2.8450)
Y223.75 (225.00)

DOLLAR
New York close
DM1.9115 (1.9085)
FFr6.4515 (6.4345)
SFr1.6963 (1.70205)
Y134.62 (134.80)
London:
DM1.9155 (1.9075)
FFr6.4875 (6.4350)
SFr1.7040 (same)
Y134.80 (same)

GOLD
New York latest
Comex June
$380.3 (378.4)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,371.33 (-5.14)
S&P Comp
305.25 (-0.75)
London:
FT-SE 100
2,125.1 (+5.5)
World:
145.41 (Mon)
Tokyo
Nikkei Ave
34,031.87 (-103.37)
Frankfurt
Commerzbank
1,742.0 (-9.6)

OIL
Brent 15-day (Argus)
$18.1 (+0.25) (June)
West Tex Crude
$19.875 (+0.23) (June)

CONTENTS

Third front ascends into Austria's political system

Promotion of Joerg Haider as a provincial govarnor may make the right-wing Freedom Party, of which ha is leader, a significant third force in Austrian politics. Page 4

EUROPEAN NEWS

Delors, Bush warm towards EC-US talks

By David Buchan in Brussels

THE PROSPECT that President George Bush and Mr Jacques Delors, the European Commission president, will meet twice within the next six weeks has heightened the interest of both men in launching a political dialogue across the Atlantic, according to US and EC officials.

The recent call by Mr Delors for a more structured political dialogue that would transcend petty transatlantic trade dispotes has been received "very sympathetically" in Washington, Mr Alfred Kingon, the US ambassador to the EC, said yesterday.

He claimed officials on both sides of tha Atlantic were showing "a good deal of creativity" in considering how to put trade disputes such as the current EC ban on US hormone-prodnced heef, worth $100m a year, into the wider perspective of the $165bn trading relationship between the US and EC.

He said that he hoped Mr Bush would see Mr Delors, immediately aftar the Nato summit in Brussels, probably on May 30, but would make no prediction on whether the meeting would produce any fruits from this "creative" thinking.

EC Commission officials say Mr Delors is likely to visit Washington next month hut admit he has still not followed up his February call for a new US-EC political partnership with any detailed suggestions as to what form this might take.

One debate in Brussels turns on whether the Community needs the sort of formal economic framework agreement with the US that it already has with major trading partners in Europe – probahly including tha Soviet Union by the end of this year.

At present, virtually the only formalised regular contact that Washington has with the Commission is a once-a-year ministerial palaver which, when in Brussels, is always tacked on to a Nato meeting.

More regular contacts exist between the US Congress and the European Parliament, where certain British conservative memhers have recently called for a US-EC political declaration to tie the US more into Europe at a time when transatlantic relations within Nato are becoming frayed.

The real significance of all this talk lies less in any new formalised dialogue across the Atlantic – unlikely if only because of EC member states' wariness of the Commission overstapping its economic affairs competence – than as an antidote to US and EC accusations about each other's trade barriers.

Mr Kingon, who leaves his Brussels post next month, claimed that, however intense the rhetoric on specific trade disputes, the overall state of US-EC relations had been improving, particularly because of the reduction of the US trade deficit with Europe. This fell from $26bn in 1986 to $13bn last year.

While Washington was willing to enlarge its dialogue with the Community's Brussels-based executive commission, he said "we take our cue from the memher states. If they tell us ona day that foreign or monetary policy is henceforth to be made out of Brussels, we will talk to Brussels. But that hasn't happened yet".

Solidarity leader Lech Walesa (left) panses during the filming of an election commercial yesterday

Walesa plea for end to strikes

By Christopher Bobinski in Warsaw

MR LECH WALESA, the Solidarity leader, yesterday urged his supporters to refrain from strike action and push for political reforms in Poland. He was speaking to workers at the Warsaw steel mill as efforts continued to end a six-day strike in copper mines near Legnica in the south-west.

"Everyone needs more but let's not lose sight of the most important thing, which is that the political system has got us into this mess and we won't get it changed if we get caught up in economic struggles," he said.

In Legnica, 20,000 copper miners have been demanding a 50 per cent pay increase and went on strike after coal miners last week won more modest pay increases.

Management backed by the Government have offered 30 per cent and senior officials are arguing that any further concession would open tha floodgates to inflationary demands.

Meanwhile, in Warsaw, representatives of Solidarity, the Government and the OPZZ official union met to discuss the steel strike under the terms of last month's round-table accord which set up a joint committee to defuse potentially explosive situations.

Both Solidarity and the OPZZ have denied starting the strike. Yesterday Mr Walesa said ha hadn't been told a strike was going to start. "Let's concentrate on organising ourselves," he said, "and then work out our priorities. But let's not give each other surprises."

Some of those present at the meeting voiced opposition to Mr Walesa's moderate policy but the majority backed him. Some 2,500 of the 6,500 people employed at the works have joined Solidarity since it was legalised.

Yesterday afternoon Mr Walesa flew to Strasbourg for a short visit during which he was asking for financial support for Poland's debt-ridden economy. Mr Walesa told the meeting that he would be travelling to Brussels later this month on a trip devoted to the same end.

Report criticises European pricing for private circuits

By Hugo Dixon

BUSINESSES based in West Germany, Spain and Italy are paying over the odds for the use of private telecommunications lines, according to a report to be published this week.

As a result, companies in these countries are at a disadvantage compared with their competitors in the UK, Sweden and to a lesser extent France, where the prices of private circuits are more in line with costs, according to Ovum, the London-hased consultancy which prepared the report.

The excessive price of private circuits could have serious economic consequences, holding back the development of sophisticated communications services – such as value-added and data communications services – which rely on private lines. Ovum says the economic damage could run into billions of dollars.

The report comes as the European Commission is leading a campaign to bring telecommnnications prices throughont the EC into line with costs. Private circuits are a priority area for action, because they are seen as vital for the region's aconomic health.

The prices for private circuits in West Germany, Spain and Italy are often more than four times costs and can even be more than 10 times costs, according to Ovum.

The discrepancy is generally mnch larger for long-distance circuits of 200km than for short-distance circuits of 2km.

In the UK and Sweden prices for private circuits are roughly in line with costs, although long-distance traffic is still subsidising short-distance circuits in these countries. Prices in France are gradnally being aligned with costs, although for some types of circuit prices can be as much as seven times costs.

The discrepancy is even greater on international private circuits within Europe, with all six economies studied by Ovum charging at least four times costs and Italy charging almost 20 times costs for one type.

According to Ovum the way to hring prices more into line with costs would be for governments to inject more competition into telecommunications and for the operators to treat each aspect of their husiness as a separate profit centre, allocating costs between each service.

"Cost-based tariffs for data services: position and trends in Europe." £250 from Ovum, 7 Rathbone St, London W1P 1AF.

Swiss company pulls out of Iranian chemical plant

A SWISS engineering firm has pulled out of an Iranian chemical project, fearing it could he used for making poison gas, Reuter reports from Zurich.

A Swiss Foreign Ministry spokesman said yesterday that the Swiss government had asked Krebs und Co AG, a Zurich-based contractor, to withdraw from the scheme, but he declined to give details.

"It is not in Switzerland's interest to contribute knowingly or unknowingly to the spread of chemical weapons," he said.

However, tha Swiss news agency quoted Krebs managing director Hans Rudolf Weber as confirming a New York Times report that his company had pulled out of the Iranian project.

Mr Weber said Krebs had been contracted by a Tehran firm called Narim to prepare plans for the plant intended to make phosphorus penta sulphide, which is used in the manufacture of insecticides and herbicides.

Mr Weber said that in January the ministry gave approval for Krebs to be involved in the project, but two months later asked it to pull out, apparently after pressure from the US.

The Foreign Ministry spokesman said the request to Krebs to abandon the project was the result of Swiss investigations. He was unable to say if the US had been involved.

Under Swiss law the government was able to ask hut not force Krebs to drop the scheme. But tha government said recently it was considering whethar to make the export of such technology to areas of tension snbject to Switzerland's war materials law.

This law outlaws the unlicensed export of 12 chemicals commonly used in making chemical weapons, but does not bar companies from helping to build chemical plants.

Romanian authorities bind adoption system with red tape

Judy Dempsey looks at the problem of obtaining exit documents

AFTER adopting Romanian orphans, scores of European parents now find they cannot obtain emigration papers from the Romanian authorities so that the children can leave the country.

The children who have been adopted by French, Belgian, Italian and Israeli couples, remain in special orphanages, waiting for the Council of State, which is beaded by President Nicolae Ceausescu, the party leader, to sign the necessary exit documents.

But the longer the delay, the more anxious the parents have become, so much so, that earlier this year, a group of French parents asked Presidant François Mitterand to intercede on their behalf.

In the past, childless couples in Europe tended to adopt children from Latin America. But in recent years, many Europeans have been turning to Romania, partly because they wanted European children, and partly becanse they believed it would be easier to adopt from this country.

Childless conples first started travelling to Romania in the early 1980s. After visiting orphanages near Bucharest and having paid a flat fee of $600 for legal costs and adoption papers, the couples assumed the children could leave without too much difficulty.

But since 1985, some of the children, although legally adopted, have not been allowed to join their adoptive parents.

An Israeli lawyer who has heen acting on behalf of 24 Israeli couples, found that no sooner had tha preliminary papers been signed, the Romanians demanded more money for what was described as "additional paper work."

In order to speed up the process, the parents frequently resorted to bribes. The lawyer said that at one stage, his clients were paying up to $6,000 to get the children out of Romania, even though the necessary adoption papers had been signed.

Despite this, the autherities continue to refuse to let the children emigrate, apparently on grounds that the final exit documents have to be approved by the Council of State.

Bnt such delays extend beyond mere bureaucracy. In some ways, they are also linked to President Ceausescu's demographic policies.

During the 1950s and 1960s, when Romania had liberal abortion laws, the annual birth rate stabilised at 14.6 per thousand. In 1966, Mr Ceausescu tried to increase the birth rate by banning abortion and contraception. As a result, by 1968, the birth rate had risen to 26.7. But by 1984 it had again fallen to 14.3 per thousand.

It was then that Mr Ceausescu embarked on an extraordinary programme which made childbirth "a patriotic duty." By reducing the legal marriage age for women to 15 years of age; imposing a 5 per cent surtax on those who were single over the age of 25; and forcing pregnant women to have regular check-ups, the birth-rate rose to 15.5 per thousand.

But medical experts in Bucharest report that this programme, combined with chronic food shortages and appalling pre-and post-natal medical care in Romania, have forced some women to abandon their children.

Although official statistics are unavailable, experts point out that as a consequence of the miserable economic and medical conditions, the infant mortality rate is in fact rising. This probably explains why the state does not officially register infants until they are a month old. To do so would reflect the true nature of the mortality rate.

This demographic drive could partly explain the reluctance hy the authorities to allow Romanian children leave the country, despite legally allowing foreign cauples to adopt them.

The long delays are not helped by the fact that some of the adopted children have been moved to special orphanages.

According to reports by some of the French parents, they either do not know where the children are, or else they are not allowed to visit them despite the fact that some of them are paying maintenance fees for the children.

The endless wrangling with the Romanian bureaucracy has led the Tel-Aviv lawyer into refusing to take on any more cases. "It is a question of morality. All I can hope for is that we can obtain the emigration papers."

Nonetheless, despite these moral questions and the financial costs in adopting children from Eastern Europe, European childless couples are now looking to Poland. In an article entitled Export Children, published in Polityka, the Polish weekly, it painted a grim picture about the way in which foreigners try to adopt infants as well as the conditions in the orphanages.

Those conditions have been exacerbated since 1983 by a staggering increase in the birth rate which is now 18.6 per thousand. That, in turn, has made enormous demands on a health system which is on the point of total collapse.

Foreigners are undoubtedly aware of these conditions, who, as Polityka pointed out, "in known ways try to find out those mothers who want to abandon their children and give up their parental rights. With children, the situation looks the same as a commodity," it grimly added. People will pay.

It is difficult to estimate the numbers, but according to Polityka, 4,500 Polish parents are also on the waiting list to adopt children, and so it would be expected that they be given priority over foreigners.

In practice, however, because foreigners have hard currency, they can skip the queue in the adoption courts and buy themselves past the unwieldly hureaucracy in order to speed up the adoption process.

But unlike Romania, Poland's liberal emigration procedures do not prove an obstacle. "Obtaining emigration papers for the babies are just ona of tha sensitive issues," a lawyer involved in adopting children from Eastern Europe commented.

"I just think now that the whole process in adopting children through these financial, corrupt and bureaucratic methods raises many moral questions, many of which I cannot answer."

FINANCIAL TIMES

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Daimler chief attacks Bonn doubts on MBB

By David Marsh in Stuttgart

MR Edzard Reuter, chairman of Daimler-Benz, the West German motor conglomerate, yesterday sharply attacked the Bonn government's indecision over the proposed takeover of Messerschmitt-Bölkow-Blohm, the country's prime aerospace group.

Striking a new note of bitterness in a dispute over the takeover, Mr Reuter warned against renewed agitation against the deal within the centre-right coalition of Chancellor Helmut Kohl.

"We will reach the end of our patience if those voicing their doubts so loudly, whatever their motives, actually manage to create the risk of extensive damage to the companies involved," he said. By underlining a revival abroad of "uncertainties" over Germany's future direction, Mr Reuter appeared to link misgivings in Bonn over the Daimler-MBB deal with the squabble between Bonn and Washington over nuclear arms control.

Claiming that the "reliability and predictability" of German politics were at stake, Mr Reuter said the Federal Republic's neighbours found Bonn's wavering "difficult to understand".

Mr Reuter has also come under pressure as a result of weakening profits at Daimler, spelled out in its annual results yesterday. He denied that his company was "fishing for armaments profits" over the MBB transaction, which would create one of the world's largest and most diversified weapons and defence technology groups.

The Daimler-MBB row has sharpened since the Federal Cartel Office last month turned down the acquisition of a majority stake by Daimler. This was on the grounds that the resulting conglomerate would enjoy market dominance in key areas of arms and aerospace. The Economics Ministry, which approved the transaction last year, now has to decide over the next few months on whether or not to overrule the Cartel Office decision in the national economic interest.

Mr Reuter called on the Government to show "the courage for political leadership". He underlined that, if the MBB deal should be turned down, Daimler-Benz had other possibilities of advancing its aerospace ambitions, by teaming up with European or even US companies.

Daimler results, Page 28

Company star waits to take the ascendant

VISITORS TO the Bundeskanzleramt, the squat headquarters of the West German Chancellor in Bonn, see the three-pointed Mercedes star hovering over the building on their way through the front entrance, writes David Marsh.

The optical illusion, caused by the presence of the famous Daimler-Benz symbol atop a nearby hotel, has taken on extra significance in recent weeks amid a sharpening political row in Bonn over tha company's planned takeover of the aerospace gronp Messrschmitt-Bölkow-Blohm.

Mr Edzard Renter, the bespectacled, intellectual chairman of the Stuttgart motor company, is playing a central role in the war of words over the aerospace takeover.

Since taking over at Daimler in September 1987, Mr Reuter has become West Germany's most controversial industrial magnate.

He is also one of the best paid. Mr Reuter's exact salary is not publicised. But, tucked away in Daimler's annual report, the company reveals that its 12 serving board members last year received a total DM 15.9m (£5m) – 34 per cent more than the DM 11.9m disbursed among a larger number of board members in 1987. The emoluments work out at an average of DM 1.35m per man – and Mr Reuter certainly earns a good deal more than the average.

The MBB transaction, if it goes through, will create a conglomerate dominating all sections of the West German weapons and defence technology industry.

Mr Reuter, a long-time member of the opposition Social Democratic Party (SPD), has been deeply wounded by attacks from the left on the MBB acquisition which link the transaction to the build-up of German armaments activities under the Third Reich.

Mr Reuter's father, Ernst, was the Social Democratic mayor of West Berlin during the 1948-49 blockade of the city. The Reuter family fled to Turkey in 1933 to escape persecution of left-wingers by the Nazis. Mr Reuter finds it ironic today to be accused virtually of "reviving fascism" by championing the MBB takeover.

As critics of the proposed concentration in the aerospace and defence sector have been pointing ont, the deal does however illnstrate some striking aspects of industrial continuity. Daimler-Benz was formed in 1926 from a merger of the 19th century Daimler and Benz gronps masterminded by the Deutsche Bank. Germany's leading bank, which owns 28 per cent of Daimler-Benz's shares, has played a leading role in the company's affairs ever since.

A Deutsche Bank representative has been chairman of Daimler's supervisory board since the 1920s. Mr Alfred Herrhausen, the Deutsche Bank chief executive, who is chairman of Daimler's supervisory board, has emerged as a powerful force hacking the MBB deal.

One element of Daimler tradition is, however, to change. The three-pointed Mercedes star – introduced in 1909 to illustrate the company's bid for motorised strength in the air, on land and at sea – is no longer to be used as the logo for the entire group. It will apply in future simply to vehicle activities. Mr Reuter is reluctant to remind critics that the star symbolises a 80-year-old Daimler qnest for global reach – and that it is now on the point of being fulfilled.

Edzard Reuter, right, and finance director Gerhard Liener announcing Daimler's results

Ex-military chief backs conscription

By Bruce Clark

MARSHAL Sergei Akhromeyev, until recently head of the Soviet armed forces and still a senior military adviser to President Mikhail Gorbachev, has ruled out the abolition of military conscription, an idea that has been recently mooted in the liberal Soviet press.

"As long as Nato exists, and there is, in consequence, a military danger to the Soviet Union and its allies, the armed forces cannot be organised on the so-called 'voluntary' principle," he wrote in the newspaper Sovyetskaya Rossiya.

Marshal Akhromeyev, in a comment with which his counterparts in Western armies might well sympathise, also nrged reformist pnblications – which in recent months have written frankly ahont bullying and other abuses in the army – to be more cautious and respectful.

"If the armed forces are the defenders of the nation, then society must defend the armed forces from insnlt and offence," he wrote. The marshal's comments came hard on the heels of the airing of arguments in favour of an all-professional army by Ogonyok, a reformist magazine which gives little comfort to the top brass. Ogonyok recently carried an interview with an economist, Mr Alexei Kireyev, who said that:

- Western estimates that the Soviet Union spends up to 14 per cent of its GNP, or Roubles 120bn a year on defence are probably right;
- a professional army, although costing an extra Roubles 11.5bn a year, would lead to a more rational use of training resources;
- the policy of turning over arms factories to the production of consumer goods is not a good one.

Moscow impatient for progress in relations with US

By Bruce Clark in Moscow

SOVIET OFFICIALS and commentators, on the eve of today's visit by Mr James Baker, the US Secretary of State, mixed guarded optimism about fresh progress in superpower relations with suggestions that Washington was dithering or even backsliding.

Tass news agency said Moscow was preparing for "serious and comprehensive" talks with Mr Baker on the five "baskets" of the Soviet-US agenda. These are arms control, human rights, regional disputes, bilateral prohlems and (in a recent addition to the list) co-operation on global problems such as the environment, drugs and terrorism.

Both a Foreign Ministry official, quoted by Tass, and a commentator in the daily trade union newspaper, Trud, said that while Moscow had shown patience with the Bush Administration's policy review, it was high tims for progress to resume.

A date for the resumption of strategic arms talks, and possibly an agreement on a new US-Soviet summit, are expected to emerge from Mr Baker's talks with Mr Eduard Shevardnadse, his Soviet counterpart, and with President Mikhail Gorbachev.

Tass said Moscow attached particular importance to the long-range arms issne. US officials, by contrast, continue to lay particular emphasis on human rights.

Trud's commentary, while mild in tone, listed a series of Soviet complaints about US policy: "unjustified" criticism of Moscow's stance in Central America; US unwillingness to stop bloodshed in Afghanistan; and calls for the Soviet Union's role in the Middle East to be restricted.

In a measured response to the prediction by Mr Dick Cheney, the US Defence Secretary, that Mr Gorbachev's reform policies would fail, it asked, rhetorically, whether such comments contribnted to better relations.

Gen Dimiti Yazov, the Soviet Defence Minister, wrote in Pravda, the Communist party daily newspaper, that "influential circles" in the West remained devoted to the policy of force, and warned that the modernization of Nato's short-range missiles would "devalue" the Soviet-US treaty banning ground-launched intermediate misssiles.

Marshal Sergei Akhromeyev, the former armed forces chief and now a top defence adviser, said that while a Western military attack on the Soviet Union no longer seemed likely, the West still wanted to use its military might to "extract concessions" from Moscow: that was why the Soviet armed forces had to be kept strong.

SEVEN PEOPLE were injured in clashes involving np to 200 Armenians and Azerbaijanis as ethnic violence flared again in Nagorno-Karabakh, the Tass news agency reported yesterday. Soviet Interior Ministry troops fired warning shots to restore order in Kirkidzhan on the outskirts of the capital of Stepanakert, where the clashes took place on Friday, the agency said.

Three civilians and four soldiers were wounded in the first reported outbreak of violence in the region since it was placed under a special Kremlin commission in January.

Grosz isolated by Kadar's departure

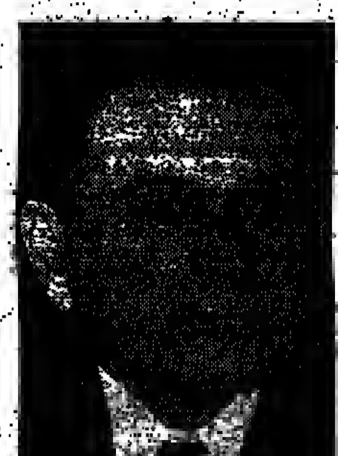
By Judy Dempsey in Vienna

THE UNCEREMONIOUS departure from the Hungarian Communist Party's central committee of Mr Janos Kadar, the former party leader, may now threaten the political future of Mr Karoly Grosz, the current political leader.

Mr Kadar, who cautiously put the country on the road towards reform after the bloody crushing by Soviet tanks of the 1956 Hungarian nprising, relinquished his role as party president and his seat on the central committee on Monday.

His departure leaves the remaining conservatives on the central committee increasingly isolated as pressure builds among the reformers to replace Mr Grosz, party leader since last May.

The pressure on Mr Grosz is likely to continue over the coming months as the party prepares for a special conference in the autumn. The conference, which was agreed on at this week's central committee meeting, signals a victory for the reformers who want more radical political and economic changes.



Karoly Grosz: under pressure from party reformers

Calls for such a conference, only the second since 1957, were spearheaded by Mr Rezso Nyers, one of ths original architects of the economic reforms, and by Mr Imre Pozsgay, the politburo member who has been at the forefront of demands for a pluralist political system.

The growing rift between reformers and conservatives, who fear the party will be completely overrun by independent political groupings over the next few years, burst into the open last month during a special meeting organised by party reformers in Kecskemet, east of Budapest.

That meeting was dominated by calls from reformers for a second Communist party which would be clearly dominated by radical Communists. Mr Pozsgay, however, warned that the time for such a split was not right and instead pushed for a party conference.

If Mr Grosz remains reluctant to come down firmly on the side of more changes, it is expected his political future could be called into question.

But either way, the split in the party, which is now public, is likely to be a major issue in coming months as the party prepares for the conference.

Rome suffers setback over budget deficit cuts

By John Wyles in Rome

THE Italian governmsnt's plans for progressively reducing the public sector deficit and stabilising the national debt have been knocked seriously off course largely because of a failure to reduce the cost of debt servicing.

This emerges clearly from a document being prepared by the Treasury which is meant to provide the broad framework for preparatory work on the 1990 budget. Mr Giuliano Amato, the Treasury Minister and author of the medium-term plan for stabilising the Government's debt by 1992, will seek cabinet approval on Friday for a strategy aiming to slice around L20,000bn (£8.7bn) off a budget deficit in 1990 in the region of L147,150bn compared with this year's L130,000bn.

Mr Amato's stabilisation plan, adopted only last summer, aimed at a deficit next year of L108,000bn or 8.95 per cent of gross domestic product, based on debt interest costs of L93,000bn and a primary deficit of L14,900bn. His budget document is now expecting a deficit of L120,000bn-127,000bn or 10.2 per cent of GDP, based on interest costs of around L104-107,000bn and and primary deficit of L15-20,000bn. The total debt outstanding, meanwhile, will be broadly equal to GDP.

These figures confirm that Mr Amato was excessively optimistic both about the initial impact of his plan, which he expected to bring down interest rates, and about the prospects for lengthening the maturity of the Government's debt.

After a promising start last autumn, interest rates on government securities finished the year up to 39 basis points higher than they began while their average maturity fell by six months to three years.

Mr Amato is looking for half of the cuts to next year's projected deficit to come from increased revenues and half from spending economies.

The overall approach continues to draw fire from the Government's critics both within and outside the coalition parties. While Mr Amato claims to be cutting away with some success at "automatic" spending mechanisms of one kind or another, many of the measures introduced this year amount to ad hoc revenue raising, rather than an attack on wasteful expenditure.

Piper-Alpha 'biggest insurance loss'

By John Wicks in Zurich

THE explosion of the British Piper Alpha drilling platform in the North Sea last July represented the biggest insurance loss ever in a man-made disaster, according to a study by Swiss Reinsurance Company.

The Zurich-based group says the accident, in which 167 people were killed, resulted in insured damage of between $1.2bn and $1.5bn.

In terms of insurance claims, however, the report says 1988 was a "fairly average year," with total insured damage from natural catastrophes and other disasters of $5.7bn, compared with $7bn in 1987.

In terms of insured damage, the second biggest disaster last year was Hurricans Gilbert which hit Jamaica and other countries in September and accounted for claims of $790m. This was followed by the $330m accounted for by the blowout and fire on the drilling platform Enchova 1 in Brazil.

The worst natural catastrophes of 1988, measured by lives lost, were headed by the Armenian earthquake of December, with at least 25,000 deaths. In Bangladesh, 3,000 people were killed in monsoon rains and floods in August and September and a further 2,300 by the November typhoon.

North America accounted for 58 per cent of all insured damage arising from natural catastrophes, as against 24 per cent the previous year. The 14 storms registered in the first half of 1988 resulted in insurance losses of at least $800m while six storms late in the year caused $300m worth of insured damage.

The total of natural disasters fell by 11 percent in comparison with 1987 to 90. Swiss Reinsurance says it was "still clearly above the long-term trend".

The number of major fires rose to an all-time high of 46, though with a fall in insured damage of 20 per cent to $1.2bn.

Aviation disasters were, at 33, at the highest level since 1972, but here, too, insured damaged fell back 13 per cent to $686m.

The insurance industry was affected particularly by incidents involving "waterborne traffic," especially dne to the record five drilling platform accidents.

Road and rail accidents, mine disasters and the collapse of houses and bridges were down last year.

Nordic plea to UN

Nordic defence ministers yesterday urged the United Nations to spread the cost of its peacekeeping operations more fairly among member states, Reuter reports. They said too much of the cost fell on the countries providing troops and observers.

Third front ascends into Austria's political system

Judy Dempsey in Vienna charts the meteoric rise of the right-wing Freedom Party and its leading light

ONE NAME and one photograph whicb was splashed across yesterday's Austrian newspspers confirmed the interest, the controversy and the phenomenal rise of a young politician called Joerg Haider.

After weeks of wrangling, backroom conniving and bitter disputes, the 39-year-old Mr Haider was elected governor of the southern Province of Carinthia. *His promotion is likely to* make the small right-wing Freedom Party (FPOe), of which he is leader, a significant third force in Austrian politics.

Politicians in the past scoffed at the idea that Mr Haider, who became head of the small FPOe in late 1956, could gain ground.

Yet in a series of provincial elections over tbe past eighteen months, his party has shown it can break the stranglehold held by the Socialist party (SPOe) and the conservative People's Party (OeVP), the junior partner in the socialist-led coalition government.

These trends were confirmed during the provincial elections in Tirol, Salzburg and Carinthia last March, where in some cases, the FPOe increased its share of the vote by 13 per cent. *In Carinthia alone*, Mr Haider oot only broke the 40-year-old absolute majority held by the SPOe, but also eroded the OeVP vote. On Monday night, with support from the OeVP, he was duly elected the provincial governor, making it the FPOe's first-ever leadership of a province.

The dramatic rise of the FPOe has shocked liberals and socialists alike, not least because many still believe that the FPOe is a haven for old Nazis and nationalists.

This was certainly the case *after* the Second World War when the party was founded. Led by Mr Friedrich Peter, who later brought the young Mr Haider into its ranks, the party was nnashamedly Nazi, although it tried to cover this up with a veneer of liberal political philosophy.

These sentiments cootinued for many years, culminating in 1985 when Mr Friedhelm Frischenschlaeger, then the FPOe Minister of Defence, welcomed back with open arms a former Nazi to Austria.

Bnt Mr Haider is quick to shrug off suggestions that his party is Nazi, nationalist or anti-Semitic. Instead, he has set about to promote a party whicb is not only intent oo breaking the two-party monopoly of Austrian politics, but also determined to wipe the country clean of corruption, *patronage and nepotism*.

These goals seem sweet for a younger generation of Austrians, many of whom are tired of the present political system which is still dominated by the *Parteibuch* and the *Proporz*.

Joarg Haider, governor of Carinthia and leader of the Fraedom Party, amerges as a significant force in Austrian politics after weeks of bitter disputes. He has set about promoting a party determined to wipe the country clean of corruption, patronage and nepotism

The *Parteibuch*, which amounts to an obligatory membership of either of the two main political parties, is a product of Austria's post-war political development.

Then, when Austria was still occupied by French, American, British and Russian troops, the coalition government nationalised all the country's industry. At the time, it was considered as German property and would have been confiscated for war reparations.

In the course of nationalisation, the two main political parties exercised influence and power over the industrial and banking sectors, almost to the point of absurdity. Membership of the boards, whether they involved the banks, enterprises, schools or insurance companies, were eqnally divided between the "reds" (socialists) and the "blacks," (people's party) which amounted to a *Proporz* system.

The end result was than anyone seeking promotion was obliged to join either political party. It also meant that there was little pnblic discussion about tha way the country's industry was run. Agreements and compromises were patched up behind closed doors.

Political analysts in Austria say that this politics of consensus or *Sozialpartnerschaft* (social partnership) was necessary in order to avoid a repeat of the bloody civil war of 1934 which destroyed Austria's fledgling democracy. They also add that it was a vital tool for rebuilding confidence and trust in the country's fragile political system.

But Mr Haider now says, that, contrary to strengthening democracy, the special consensus between the "reds" and the "blacks" has stifled individual initiative and political choice. He also says that because the SPOe and the OeVP shared out the top jobs, it facilitated corruption and patronage.

"I want to get rid of the parteibuch system and rid the institutions of political influence," he said in a recent interview. "Wa must reduce the role of the state and the *Beamte* – the bureancrat – which have dominated this country for the past forty years."

Whether at universities or on the streets, these criticisms, peppered with populist vocabulary and delivered by an energetic and skilful orator, receive loud applause. But Mr Franz Vranitzky, the socialist Chancellor *is* not convinced that Mr Haider is a serious politician. "He is a populist and a demagogue," he recently commented.

Other politicians are more scathing of Mr Haider. "He would sell his grandmother," said *Mr Karel Smolle*, a member of the Green party and head of the small Slovene minority in Carinthia which is deeply concerned about its future status in the province.

Many liberals share the view that Mr Haider is a man for all seasons, a man for all people. "It is easy to be all those things when you are in opposition," a leading socialist said. "It is very different when you are in power." So far, Mr Haider had not gone into any detail about how, if he were in government, he would tackle issues such as the large budget deficit or a reform of the social welfare system.

In the meantime, the road towards government, if not the chancellorship, is Mr Haider's direction. Little seems to stand in his way. After all, socialists and more liberal OeVP members argue that if the weak, disunited OeVP was prepared to vote for Mr Haider in Carinthia, what is to prevent them from forming a coalition with Mr Haider in next year's general election?

The socialists remain sanguine about such a possibility. The OeVP national leadership remains non-committal. As for Mr Haider, he simply says: "In a democracy, I would be prepared to go into coalition with either party." In such an event, he would also be determined to get the best job.

EC industrialists urge firm stand on telecom plans

By William Dawkins in Brussels

EUROPE'S main industrial lobby group has called on the European Commission not to submit to pressure from several EC governments to backtrack on plans to liberalise the provision of data telecommunications services.

"Business and industry would like to express . . . their deep dismay" at some member states' opposition to the scheme, said a statement issued by Unice, the EC federation of employers' organisations.

Governments are angered that Brussels is planning to impose telecommunications deregulation without going through the usual consultation with them, an attitude which Unice dismisses as incoherent.

France, Spain, Italy and Belgium also think the content of the plan goes too far, irrespective of the Commission's tactics. Brussels is now rethinking its approach, based on a rarely used provision of the EC treaty, dealing with public monopolies.

Unice reminds EC governments that they committed themselves to the general principle of telecommunications deregulation in a paper adopted by telecommunications ministers last year. "This lack of coherence . . . is of grave concern to European companies which have lent widespread support to the Commission's initiative," it says.

The federation welcomes the chance of cheaper and more flexible telecoms services offered by tha plan, which would break public authorities' monopolies over basic data transmission and the supply of value-added services, such as electronic mail and videotext.

Telecommunications authorities would keep sole control over the physical provision of networks and basic services like voice telephone and telex.

The federation adds: "The Commission should quickly implement its draft directive so as to create a truly competitive telecommunications market which is able to offer European users a range of networks and services which are as good as those available to their Japanese and American competitors."

W German social graces put their best foot forward

Haig Simonian in Frankfurt looks at the resurgence of interest in dancing lessons

THERE may once have been a time when ballroom dancing schools were the epitome of social embarrassment, but in West Germany today they are catching on, especially among the young.

Foreign visitors to German cities often remark on the number of signs for dancing schools and by all accounts they are flourishing.

But what is it that makes Germans, not normally renowned for their spontaneity, such keen dancers? As in other countries, films such as Saturday Night Fever, Fame and *Dirty Dancing* have played a part, especially among the young.

Dancing, as a way of fitting into society appears to be a key theme, especially among the young. According to Professor Horst Opaschowski, a researcher into leisure activities at an institute in Hamburg, youngsters have increasingly stressed the role of "manners" in explaining why they want to learn to dance.

In 1987, 57 per cent of the 16-20 year olds polled saw dancing as a way of improving their manners, against 48 per cent in 1978. The change is even greater among 21-30 year olds, where the proportion of those stressing manners has risen to 49 per cent from 36 per cent in 1978.

Mr Helmut Schäfer, a senior member of the German Dance Teachers' Association, identifies a combination of factors.

"In Germany one no longer talks about dancing schools. Rather, it's a meeting place where people can mix, have fun, perhaps enjoy some good food, and learn to dance too."

For Mr Schäfer, a huge burly man who left Stuttgart to set up his own dancing school in the Black Forest 16 years ago, the interest in dancing is nothing surprising. Unlike the UK, where he has also had experience, Germans tend not only to attend dancing schools in greater numbers, but to come back more often, despite a price of around DM160 (about $85) for a course of 10 lessons.

According to the research, fitness is the reason cited by most people learning to dance, well ahead of relaxation or making friends. Apart from trying to attract the same sort of young, outgoing and communicative clientele as the skiing industry, the dance business in Germany has also put almost as heavy a stress on expensive branded accessories.

The formal suits and long gowns may come out in the evening, but "*smart casual*" is the daytime code for most of the stylishly-coiffured instructors and instructresses. Bright costumes and a general sense of healthy well-being abound.

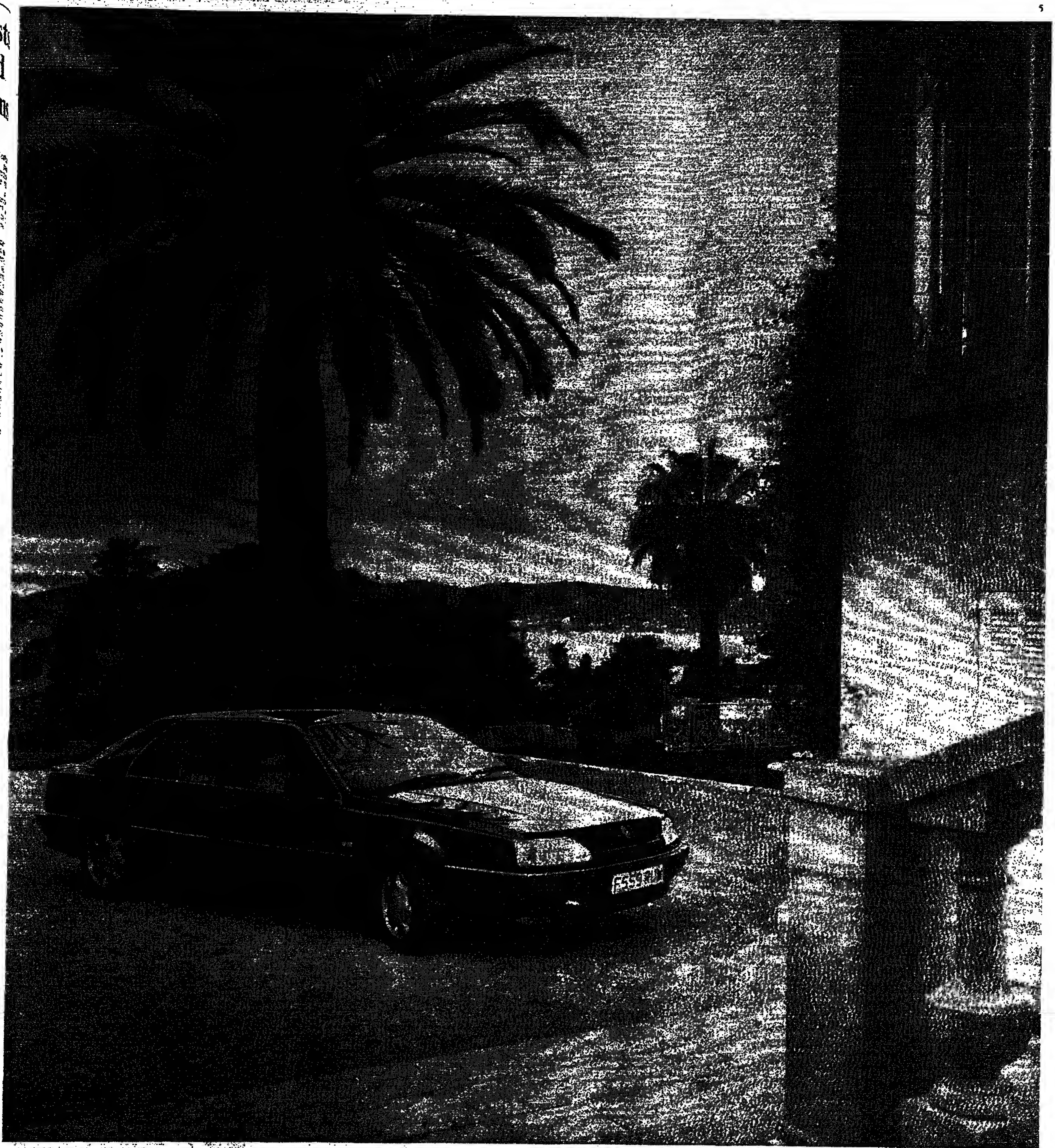
"Swing is in" was the motto of this year's congress of the German Dance Teachers' Association in Mainz, which has attracted more than 1,000 participants from more than 20 countries, making it the biggest gathering of its kind in the world.

"The days are gone when one went on to the dance floor just to follow the steps of one's partner," says one participant. "Whoever can manage just a few basic steps can let their imagination take over – then they're completely free from pre-set rontines," notes another.

To prova the fact that the schools have not simply brushed up their image, a row of stands in a nearby hall offer almost as much choice in computers and software to manage growing dance classes as in slinky silver shoes and rumba records.

But in case anyone should forget this is serious-minded Germany, there is also a sombre note. A leading insurance company is also prominently represented, with policies for accident insurance and legal protection boldly displayed. Relaxation is serious business.

Ballroom dancing two-steps its way into the social scene



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AMERICAN NEWS

Argentines flee into dollars as polling looms

By Gary Mead in Buenos Aires

ARGENTINA'S Economy Minister, Mr Juan Carlos Pugliese, yesterday described the persistent flight from the national currency, the austral, as "economic terrorism".

With four days of campaigning remaining before Sunday's presidential election, the minds of most Argentines yesterday were firmly fixed on the country's severe economic crisis.

Many Argentines view the election with anxiety. That nervousness is being reflected in an insatiable demand for US dollars, as a form of financial security against inflation and further sharp depreciation of the austral which yesterday traded at 120 austral for $1. At the beginning of April $1 bought 48 australs.

Mr Pugliese made his remarks in the context of growing speculation that the government is now contemplating a change of currency, which would be the fourth such change since 1970. The austral has been in use since July 1985, introduced then as an attempt to stem hyperinflation and improve economic confidence.

Senior businessmen and independent economic analysts are now suggesting that, faced with the prospect of inflation in May of between 45 and 65 per cent, and monthly interest rates of 155 per cent for large investors, the economy requires a series of shock tactics, one of which has to be a new currency.

Mr Pugliese added that rumours of snap bank holidays, currency shortages and possible collapse of the country's financial system "conspired against a peaceful transition and consolidation of democracy".

The two main candidates for next Sunday's election are coming to the end of gruelling national tours, before the official shut-down of campaigning on May 12. Mr Eduardo Angeloz of the Radical party has demanded that Mr Carlos Menem of the opposition Perónist party engage in a national television debate.

That is unlikely to happen as Mr Menem – who has already described Mr Angeloz as "a loser" said yesterday: "I have nothing to debate with him. In a few days I am going to debate with the only people I have to – the people."

Mr Menem has also reiterated his willingness to discuss with Mrs Thatcher a solution to the Falklands conflict but only if the British prime minister accepts Argentine sovereignty over the islands.

For his part Mr Angeloz said late on Monday evening in Mendoza that he was now running level with Mr Menem, adding that in the last week of campaigning "Argentine society could produce the 'Menem syndrome' which could surprise and give us [the Radicals] 18 points difference". According to the latest opinion polls Mr Menem's lead now stands at 6 per cent over Mr Angeloz, though in previous national elections, opinion polls have been an unreliable guide to the final result.

Mr Angeloz's allusion to anxiety among some Argentines concerning Mr Menem's ability to govern the country is a factor which many observers believe the Radical campaign is likely to play up in the next few days.

Not the party's, much less the nation's choice

Gary Mead on the factionalism that threatens both Argentine presidential candidates

ALMOST 20m Argentine voters go to the polls on Sunday to choose a new president; until this week one in four had yet to make up his mind.

That a quarter of the electorate was "floating" with little more than a week to go might be seen to indicate a widespread contempt for politicians of all parties.

It is equally possible that many party loyalists were, and still are, pondering the value of voting for a candidate who does not completely represent the mainstream of their party. Throughout the campaign both main parties have been involved in barely-disguised and unresolved in-fighting.

Neither Mr Eduardo Angeloz (Radical) nor Mr Carlos Menem (Perónist) is the unchallenged darling of his own party. Both have done their best to run successful campaigns despite occasional prods in the back from their own, highly factionalised, parties.

Carlos Menem: like his opponent, he has bruised powerful vested interests in his party

As provincial governor of Cordoba, Mr Angeloz owes his nomination to the fact that in mid-term elections held in September 1987 he was one of only two Radicals who managed to win provincial governorships, of a possible 22.

Mr Angeloz is saddled with Mr Juan Manuel Casella as his official vice-presidential candidate. In the same 1987 elections, Mr Casella lost the key post of governor of the province of Buenos Aires. After that plum was snapped up by Mr Antonio Cafiero for the Perónists, Mr Casella was reported as saying "I have no political future".

That did not prevent his being hauled into the national vice-presidential candidacy by the Radical Party's most powerful faction, the "Junta Coordinadora Nacional" which monopolises Radical Party affairs via an internal discipline Romanian President Nicolai Ceausescu might envy.

The Coordinadora hoped to see President Raúl Alfonsín running for president this time around. But constitutionally barred from a second term and unable to persuade Congress to alter the rules, Mr Alfonsín nominated the only nationally obvious candidate, Mr Angeloz – who has gathered a team owing nothing to the Coordinadora.

The Coordinadora has been rewarded for its ability to generate funds and pack meetings with several important posts in President Alfonsín's cabinet. Mr Enrique Nosiglia has held the post of Interior Minister since September 1987. Other senior posts are also occupied by Coordinadora affiliates, including Mr Dante Caputo as Foreign Minister.

An indication of Mr Angeloz's distance from the Coordinadora is his recent deal with a provincial and non-Radical politician, Mrs Cristina Guzman. Mrs Guzman, who confusingly for voters is also described as Mr Angeloz's vice-presidential candidate, has been given considerably greater publicity by the Angeloz campaign than has Mr Casella.

Mr Angeloz's independence has led Coordinadora personalities to look for alternative employment. Mr Dante Caputo, who recently said "What I don't like about Angeloz are the flies he uses", is now fighting a tough campaign to win a seat in parliament. His days as foreign minister, even with an Angeloz victory, are numbered.

Mr Angeloz's isolation from the Coordinadora is a mixed blessing. He goes into the election his own man. His promise to cleanse the Argentine state of economically perilous inefficiency owes nothing to the Coordinadora.

But those ideas may be obstructed from within his own party, as an army of entrenched bureaucrats, many of whom owe their loyalty – and their jobs – to the Coordinadora, fight to retain their footholds in nomenklatura-style posts across the nation.

Should he lose, the Coordinadora will cross the road with scarcely a backward glance, intent on its current plan of ensuring a further Alfonsín presidency in 1995.

Perónism's factionalism is potentially more alarming if only because its candidate, Mr Menem, is still favourite to win the presidency. It is an open secret that his victory in the party's internal vote for presidential nomination last July was a bitter blow to the only other contender, Mr Antonio Cafiero.

Mr Cafiero's supporters, grouped in the "Renovation" wing of Perónism, provide a mirror-image to the Coordinadora. The Renovation wing controlled Perónism's party machinery. It imagined that Mr Cafiero's activity as Economy Minister in the last Perónist government, together with his dominating power-base of the province of Buenos Aires, guaranteed his victory against Mr Menem.

When Mr Menem beat the odds, the Renovation faction – like the Coordinadora – turned its mind to a future far beyond May 14, at the expense of the party's presidential success if need be.

Mr Cafiero's supporters have thus toyed with the idea of altering the constitution by introducing the office of prime minister, simultaneously reducing the presidency to a more nominal role. The natural contender for prime ministership (following a Menem presidential victory) would be none other than Mr Cafiero.

Mr Cafiero is also interested in reducing the length of presidential office from six to four years, which fortuitously would accelerate his chances of still winning that office.

Both Mr Angeloz and Mr Menem have thus bruised powerful vested interests within their respective parties en route to the ballot box. Whether such wounds will be healed in the sweet aftermath of success is an open question. As it is, many members of the Coordinadora may be in doubt as how best to deploy their vote; the same is undoubtably true of those Perónists who backed Mr Cafiero last year.

Administration 'prepared to discuss higher taxes'

By Anthony Harris in Washington

DR Michael Boskin, chairman of the US Council of Economic Advisers, said yesterday that the Bush administration was prepared to discuss higher taxes in the negotiations for the 1991 Budget, which are expected to begin in June, but is still not prepared to raise the issue itself.

"We are prepared to discuss taxes on their merits," he told a meeting of the National Association of Manufacturers. "We do not currently see the merits for any tax increase" he added.

Dr Boskin said that the economy appeared currently to be slowing to a sustainable growth rate, and that inflation, which had "blipped up," largely on account of higher oil prices, was now expected to moderate.

He hoped that these developments, and an early start on the 1991 budget negotiations, would lead to lower interest rates.

Answering a question, he denied that the recent strength of the dollar was "remarkable." Pointing out that the currency had risen steadily since the election of President Bush, he said that recently "it's gone up a couple of yen."

Dr Boskin said that he was most worried about trade frictions throughout the world. The threat of trade wars could trigger a worldwide recession.

"We have to make sure that where those frictions occur we contain and eliminate them," he said.

● The Department of Commerce reported yesterday that wholesale turnover rose 0.2 per cent in March, but revised its earlier estimate of February turnover downwards by 0.6 per cent.

There has been no significant change in sales since a 3 per cent jump in January, mainly reflecting price increases.

Guatemala coup attempt fails

By Our Foreign Staff

VINICIO Cerezo Arevalo, Guatemala's centrist President, yesterday put down a coup attempt by retired army officers and rebel troops.

Government troops thwarted the revolt after rebel soldiers took over the national radio station and air force planes buzzed the presidential palace.

The incident comes almost exactly a year after the last such attempt. It is another example of the fragility of democracy in many of the countries of Latin and Central America which have recently made the transition from military rule.

Mr Cerezo, a Christian Democrat who has survived numerous attempted assassinations, was elected in 1986 after three decades of nearly continuous rule by the military. He had been under attack from the right wing for opening talks with the leftist insurgency, the Revolutionary Union, which has been conducting a guerrilla war for 30 years.

Under the generals of the early 1980s, in an effort to wipe out the left wing insurgents, the armed forces and military-linked death squads killed tens of thousands of suspected government opponents.

A communique from Mr Cerezo's press office said retired officers and others had staged "an indisciplined act in the tactical group of the air force." It said the leaders of the coup attempt were in custody.

Witnesses said rebel soldiers, dressed for combat and sporting blue bandanas as a recognition symbol, were ordered to withdraw from the national police barracks they had earlier surrounded early yesterday.

The first indication that a coup attempt was in progress came when air force planes and helicopters flew low over the presidential palace and the barracks of the presidential guard shortly after dawn.

Witnesses said soldiers from the presidential guard took up positions outside their barracks, manning artillery pieces, but no shots were fired. They said air force troops also went on alert at their bases.

The coup seems to have been directed against Gen. Alejandro Gramajo, the defence minister, who has aroused the ire of elements in the army who want to see a more hardline approach to internal subversion.

"This is something like last year...an anniversary," Gramajo said, referring to the May 11, 1988, coup attempt.

Support from the army, fighting an insurgency by leftist guerrillas in which human rights groups say more than 100,000 people have died over the past 30 years, remains crucial for Mr Cerezo.

On April 16, Mr Cerezo blamed rightist paramilitary groups for a growing wave of violence and said they threatened the nation's democracy.

Bitter salvoes from veteran US arms experts

Peter Riddell explains the arguments in Washington over short range nuclear weapons

AN intriguing sub-plot of the debate over short-range nuclear weapons in Europe has been a bitter argument among arms control specialists – notably between Mr Paul Nitze, the 82-year-old veteran of almost every decision of the nuclear age, and Mr Henry Kissinger, the former Secretary of State and political adviser.

Their disagreement has an importance stretching far beyond the world of Washington pundits. Mr Nitze last week publicly attacked the policy of the administration which he had just left, in the process criticising the number of appointees with links to Mr Kissinger (which include Mr Lawrence Eagleburger, the deputy secretary of state, and Mr Brent Scowcroft, the national security adviser).

Unease about the approach of the Bush administration has recently surfaced in well-placed leaks by some former members of the Reagan team – including even the former president himself. The word from the Californian ranch is that Mr Reagan thinks his successor may be frittering away his legacy and has produced a "needless crisis" with Bonn.

While the Nitze/Kissinger clashes go back over 30 years, taking in the Salt 2 arguments of the late 1970s, the immediate cause of their current row is the 1987 treaty banning land-based intermediate range nuclear missiles. Mr Nitze was the main architect of this treaty from his "Walk in the Woods" proposal of 1982 up to the negotiations of 1986-87. Mr Kissinger was a strong critic of reducing the number of intermediate range missiles to zero, as was his then fellow consultant Mr Scowcroft.

Mr Kissinger has argued that "the INF agreement was a mistake because it removed those weapons from Germany and from Europe by which an attack on Europe could be answered by retaliation on the territory of the attacker, and it left only those weapons in which the victim's territory became the chief target of nuclear retaliation." This, in his view, separated the strategic defence of Europe from that of the US and laid the groundwork for the current concerns in West Germany. To him talks on short-range weapons would – with only 88 Lance missiles in Europe – be a slippery slope to the denuclearisation of Europe.

Instead of what he sees as a meaningless numbers game about missile totals, Mr Kissinger has pressed for a better balance between conventional and nuclear arms control, with the former the main priority.

Mr Nitze naturally defends the INF agreement and believes the US should go further and be prepared to negotiate on short-range weapons, in part because of the length of time involved in the conventional talks. He has argued that the US call for modernisation of the existing Lance missiles, coupled with a refusal to negotiate, is politically impossible for much of Europe. Any

Paul Nitze: attack on Bush administration

talks should, says Mr Nitze, aim at equal ceilings of short-range nuclear weapons, removing the Soviet advantage.

Mr Nitze's remarks – coupled with a sharp attack on Mr James Baker's way of running the State Department – have infuriated the Administration, since in the words of one official, "he landed us in this mess in the first place."

In the ways of Washington each side has its protagonists in the press. This week's Time magazine has an article from a strongly pro-Nitze viewpoint entitled "Why Kohl is Right", while yesterday's Washington Post had a column headed "The Nato Crisis is Reagan's Doing."

While Mr Nitze may have a point in relation to the political position in Europe – and the INF treaty cannot be reversed – the dispute within Nato cannot just be papered over at the Brussels summit at the end of the month. In that sense talks about short-term missiles are less important that what Mr Kissinger terms the fundamental issues of fitting German national aspirations into a larger framework, a new relationship between Europe and the US, and the position of Eastern Europe.

OVERSEAS NEWS

Egypt set to return to Arab fold at summit

By Victor Mallet, Middle East Correspondent

ARAB leaders are expected to meet in Morocco this month for an emergency summit which is likely to muster support for Mr Yassir Arafat, leader of the Palestine Liberation Organisation, and set the seal on Egypt's readmission to the Arab fold.

After consulting other Arab states, King Hassan of Morocco has proposed that the Arab League summit should take place in Casablanca on May 23 and 24, preceded by a foreign ministers' meeting on May 21.

Egypt was suspended from the League – and the organisation's headquarters were moved from Cairo to Tunis – because of the Camp David agreements and Egypt's peace treaty with Israel in 1979. But a League meeting in Jordan in 1987 gave individual countries the green light to restore relations with Egypt, and all but Syria, Libya and Lebanon have done so.

Even the Syrian government has recently toned down its criticisms of Egypt, and it is thought that Lebanon and Libya are the only countries likely to be absent from the Casablanca meeting.

Yesterday Mr Hosni Mubarak, the Egyptian President, held talks with King Hussein in the Jordanian port of Aqaba before flying on to Iraq. The leaders of Iraq, Egypt, Jordan and North Yemen – the recently-formed bloc known as the Arab Co-operation Council – are due to meet in Cairo just before the Casablanca summit.

PLO leaders are hoping for a united Arab stand from most of the League's 22 members to back Mr Arafat's diplomatic initiatives, which include a renunciation of terrorism.

Mr Arafat will be expecting his Arab allies to support him in his delicate dialogue with the US on Middle East peace negotiations.

● William Dullforce adds from Geneva: Arab health ministers in Geneva for the World Health Organisation's annual assembly agreed yesterday that Egypt should be readmitted to their regular group meetings, in another step towards Egypt's reinstatement to the Arab League.

Australia's Liberals pluck a leader from the past

Chris Sherwell looks at the Opposition upheaval as it turns again to Peacock to revive its fortunes

IT WAS Mr Paul Keating, the Australian Labor Government's acid-tongued Treasurer, who once proffered the most withering comment on Mr Andrew Peacock, the man restored yesterday to the leadership of the opposition Liberal Party.

Asked what he thought of the debonair Mr Peacock's comeback chances, Mr Keating responded: "Can a souffle rise twice?"

The Australian opposition's upheaval is on a scale not seen before. Not only have the Liberals dumped Mr John Howard and re-appointed the man he displaced in 1985, the National Party, the Liberals' coalition partner, has thrown out its leader, Mr Ian Sinclair.

Mr Howard's biggest problem was that he was perceived by his party and the electorate as a loser. In 1987, when the country's economic problems made it difficult to see how Mr Hawke and Labor could possibly retain power in Canberra for a historic third term, Mr Howard lost.

He blamed Mr Peacock's constant sniping and the antics of Sir Joh Bjelke-Petersen, the now-disgraced former Queensland Premier, who ran a divisive campaign to remove Mr Howard and Mr Sinclair. But the real explanation went deeper.

No matter how hard Mr Howard tried, he conspicuously failed to make a dent in Mr Hawke's personal standing as a political leader. Even when the Liberals ran ahead of Labor in the opinion polls and Mr Hawke's own management was under question, the uncharismatic Mr Howard's rating languished.

This perception was amplified whenever the opposition stumbled, as it did, alarmingly often, over a multitude of individual issues such as immigration policy, deregulation of the domestic wheat market, broadcasting, taxation and, most recently, controversial preselection of parliamentary candidates.

Too often, Mr Howard found himself publicly fighting within his own party to define his position or battling to keep the rural-based National Party in line. One reason Mr Sinclair fell yesterday was because he too lost the confidence of his party colleagues and tied his fortunes to Mr Howard.

Howard: try as he might . . .

Peacock: 'recycled'

Another lapse by Mr Howard was his lamentable failure to capitalise on Labor's own self-evident problems – not just its exhaustion or the friction between Mr Hawke and Mr Keating, but the embarrassing derailment of its economic policies, resulting in a record current account deficit and a cripplingly high interest rate regime.

The "dry" Mr Howard may have sealed his fate by taking the party too far to the right – partly to distinguish it from a similarly shifting Labor Party but also to exploit Labor's weakness on issues such as privatisation and labour market deregulation, where the country's economic future is beginning to hang.

After Mr Howard refused recently to prevent an acrimonious constituency challenge to a sitting "wet" MP in Victoria, it was apparently the last straw. Mr Peacock was "drafted", and yesterday he underlined the change by stressing that the party would stand for a "fairer, more compassionate Australia".

Whether the leadership changes will make a significant difference is not clear. After all, the 50-year-old Mr Peacock's defeat in 1984 makes him a loser too. And when he relinquished the Liberal leadership to Mr Howard in 1985, he suggested he had not wanted to be Prime Minister anyway.

Working in favour of Mr Peacock and Mr Charles Blunt, Mr Sinclair's replacement, is the undeniable vulnerability of Labor. But the two men must also heal the rifts in the opposition, devise credible alternative policies and package it all seductively and with flair.

This is a tall order against Labor, which quickly billed the events yesterday as a "nice bit of recycling" and a sign of the Liberals' desperation. Although disheartened conservatives are certain to give Mr Peacock a honeymoon, he has much to do to prove himself again. Mr Blunt is virtually unknown.

The biggest winner from the events is probably Senator Fred Chaney, the new deputy leader of the Liberals. Widely recognised as the most formidable opposition figure after Mr Howard and Mr Peacock, he would hold number three position in a victorious coalition government. If the coalition lost, he could expect to become leader of the opposition.

The whole episode is reminiscent of events seven years ago, when Mr Malcolm Fraser, then Prime Minister in a Liberal government, was presiding over a deteriorating economy and casting round anxiously for an election date.

Mr Bob Hawke then staged a successful coup against Mr Bill Hayden, the Labor leader, just as Mr Fraser called an election to capitalise on Labor's troubles.

Mr Fraser was thrown out. It is perhaps not surprising then that Mr Hawke yesterday ruled out an early election.

PLO approach to Unesco

THE Palestine Liberation Organisation officially requested membership yesterday of another UN agency, the United Nations Educational, Scientific and Cultural Organisation, a PLO official said, AP reports from Paris.

The official said he presented a letter from Mr Yassir Arafat, the PLO chairman, to Mr Federico Mayor, Unesco director general, asking for the status of a member state.

The PLO has observer status at the 158-nation organisation. It said its request would be put on the agenda of Unesco's executive board, which begins a five-week meeting on May 17.

The PLO also is seeking to join the World Health Organisation, currently meeting in Geneva, as the self-declared state of Palestine. Unesco's board has 51 members and makes decisions by consensus, without a vote, or by simple majority.

If the board approves the PLO request it would go to the general conference, Unesco's highest decision-making body, which meets in November. The conference makes decisions by two-thirds majority.

Since the Palestine National Council proclaimed the state of Palestine at a meeting last November in Algiers, the PLO has been seeking full membership in all UN agencies.

Civilian targets under fire in Beirut shelling

By Lara Marlowe in West Beirut

A TEN-HOUR barrage of shellfire that damaged hospitals in both East and West Beirut as well as hundreds of homes and offices early yesterday was among the most intense and indiscriminate bombardment since the latest round of Lebanon's 14-year civil war began in the middle of March.

Six people were killed and 22 wounded by the shells fired by Syrian troops and Gen Michel Aoun's Lebanese army units. A Western relief worker said the latest battles, which started on Saturday, marked a disturbing tendency on the part of the combatants to aim deliberately for civilian targets.

At least 12 howitzer rounds hit the Barbir hospital in West Beirut, near the city's dividing Green Line. Two men, a hospital administrator and a Lebanese journalist, were killed in the lobby of the building. The journalist was trying to evacuate his brother who had been injured in a car accident when motorists panicked during earlier shelling.

East Beirut's main telecommunications centre at Badaro was the target of Syrian shellfire and most local and international telephone lines were cut. Telex links still functioned through the Riadsolh communications centre near the Green Line in West Beirut.

Several residents of West Beirut expressed anger at Syrian troops for firing missiles from mobile launchers in the streets of residential areas, thus inciting retaliatory strikes against civilians.

Mr Selim al-Hoss, the Moslem Prime Minister, and Mr Hussein Husseini, the Speaker of the Lebanese Parliament, travelled to Damascus yesterday for talks about the crisis with Mr Abdulhalim Khaddam, the Syrian Vice President. A five-man delegation from the Arab League, whose ceasefire is being so blatantly ignored in Beirut, was also reported to be making its way to Damascus.

Of Syria's Moslem allies in Lebanon, only the Druze militia have joined in the artillery battles.

Amnesty report hits at use of torture in Egypt

By Victor Mallet

THE EGYPTIAN government has detained thousands of its opponents, particularly Moslem activists, and subjected many of them to torture, Amnesty International says.

Amnesty, the London-based human rights group, issues a report today giving details of political prisoners said to have been severely beaten, burned with cigarettes, given electric shocks or sexually abused between 1986 and 1988.

The organisation said it was particularly concerned because of the implications for at least 1,500 Moslem activists and other alleged government opponents arrested around the country since clashes in Fayoum, south-west of Cairo, in April.

One of those arrested in Fayoum, Dr Omar Abdel-Rahman, a blind and diabetic cleric in his 50s, allegedly suffered bruising over his entire body after being beaten and dragged along the floor.

"Amnesty International has sought assurances from the Egyptian government that he and other detainees are not being ill-treated and are allowed access to lawyers, relatives and medical doctors where necessary, but so far has received no reply," it said.

The report was based on a memorandum submitted by the organisation to the Egyptian government last year.

Egypt – Arbitrary detention and torture under emergency powers, Amnesty International Publications, 1 Easton St, London WC1X 8DJ.

Peking students may step up protests

By Peter Ellingsen in Peking

SOME Chinese student activists may resort to further protests to gain concessions from the government, despite assurances yesterday from Communist Party Secretary Zhao Ziyang that China would have "political restructuring" to complement its economic reform.

In talks with Turkish leaders in Peking Zhao repeated his claim that student demands would be satisfied in "a democratic and lawful manner" that would help promote democracy and the introduction of law in China.

"Many of the demands voiced by the students represent problems that the party and government are striving to solve," he said.

However, four days after the campus strike for democracy and press freedom officially ended, students at Peking University are still boycotting classes and threatening additional unrest if authorities don't agree to talks with independent campus representatives tomorrow.

With the government so far refusing to recognise the autonomous union set up by 30 Peking colleges, this could mean embarrassing protests during next week's visit to Peking by Mr Mikhail Gorbachev, the Soviet leader.

Student leaders say they have made concessions by no longer insisting on talks with top officials, and now expect the government to stage an open dialogue with activists responsible for recent protests. They want the party to discuss the significance of the student movement, to announce concrete ways of curbing corruption, and to guarantee freedom of the press, assembly and the formation of associations.

Students have noted the recent conciliatory line of Li Peng, the Prime Minister, echoing Zhao's moderate approach, and hope the authorities may be prepared to abandon their rule that discussions be held through official channels. But while officials, especially Zhao, have shown an apparent willingness to be reasonable with students, there is little sign they are about to give the nod to a non-party union.

So while most of the other campuses appeared, for now at least, ready to delay the struggle, Peking University has voted to stay on strike arguing that its goals have not been met. Yesterday 56 of 146 classrooms scheduled for teaching at the elite college were empty. In the remaining 90 classrooms only half the usual numbers were in attendance.

According to Li Zhanbo, a teacher in the education department, students were maintaining their boycott until the government agreed to talks with the independent student union rather than the party-recognised organisations so far consulted.

Thailand seeks to end privatisation row

By Roger Matthews in Bangkok

THE Thai Cabinet is to be asked shortly to resolve the ministerial row which has broken out over plans to privatise Thai Airways International. The Cabinet's decision is likely to have an important impact on the pace of privatisation in Thailand and on the development of the country's narrowly-based capital market.

The Ministry of Finance and the National Economic and Social Development Board are strong advocates of privatisation, arguing that the government cannot provide the huge development sums needed by state enterprises in the next five years.

Thai Airways International is estimated to need some $1.2bn (£719m) for new aircraft purchases in the next three years and even then some industry analysts believe its capacity will lag behind rapidly increasing passenger and freight demand.

Two other key targets for a listing are the Electricity Generating Authority of Thailand and the Telephone Organisation of Thailand. Together their capital spending requirements over the next five years are conservatively put at $8bn. Tha Finance Ministry is believed to favour floating 30 per cent of Thai Airways shares initially, a proportion of them on foreign exchanges.

They would not carry voting rights and, as with most Thai companies, a limit would be put on foreign participation. Listing the shares would also ease the liquidity problems of the Securities Exchange of Thailand, where shortage of stock has contributed to the very sharp rise in the main index this year.

The Finance Ministry has, however, failed to win over the Ministry of Transport and Communications or the main board of Thai Airways, on which former military officers are heavily represented.

They claim that the status quo is quite satisfactory and the airline can raise funds for aircraft purchases through non-governmental channels or through leasing arrangements.

It is also said that they strongly oppose the additional public scrutiny which could result from a listing. Mr Pramual Sabhavasu, the Minister of Finance, is said to face a tough battle in Cabinet over the issue, not least because other vested interests fear that they could be next in line.

A decision to defer a listing for Thai Airways would represent a setback to his efforts to mobilise additional sources of capital needed if the country's infrastructure bottlenecks are not to dampen overall economic growth prospects.

India's speaker to face probe

By K.K. Sharma in New Delhi

THE Indian Government is to hold an inquiry into allegations that Mr Balram Jakhar, Speaker of the Lok Sabha (lower house of parliament), was involved in the import of fodder-making machines made by a US company without payment of Customs duty.

Mr Jakhar himself called for such an inquiry after a week's furore in parliament and mounting opposition unease over the possibility that the Speaker was involved in yet another Indian corruption scandal.

The accusation against Mr Jakhar was made by the Indian Express last week in a series of articles alleging that he was implicated in deals involving import of the fodder machines in his capacity as chairman of the Bharat Krishak Samaj (Indian Agriculture Society).

The Speaker announced in the Lok Sabha that he had noted the allegations against him and asked opposition members to meet him in his chamber where he would explain his position in respect of the fodder machines.

Mr Jakhar told the opposition members that he welcomed an inquiry.

He said he had written to the Government recommending exemption of Customs duty on the machines as he felt their import would be in the interests of farmers. He denied involvement in any illegal or irregular deals.

He also denied knowledge of commercial agreements between the Bharat Krishak Samaj and companies involved in the import of the machines.

Mr Jakhar was elected Speaker in 1985 with the help of the ruling Congress-I majority and has been frequently involved in tussles with the opposition in the past four years, especially when they tried to raise issues of corruption.

Burmese regime to start reopening schools

By Roger Matthews

THE military regime in Burma will begin reopening schools in June, one year after they were closed in response to mounting popular demands for a more democratic form of government.

The protests, headed mainly by students and Buddhist monks, reached a peak in September when troops shot and wounded thousands of demonstrators in the capital Rangoon and other cities.

Since then a degree of normality has returned to Burma although the regime has not felt sufficiently confident of its political grip to lift the night curfew or its restrictions on public gatherings of more than four people.

It is also likely to approach the reopening of schools extremely cautiously, first testing the water by resuming primary education. If that proves trouble free, then secondary schools will follow, but the regime is likely to be remain apprehensive about reopening the universities.

Thousands of students fled Rangoon in the wake of the September shootings with some going underground and others making for the border with Thailand. Some 3,000-4,000 remain in makeshift camps along the border where, despite serious deprivations, they believe they are safer than if they returned to Rangoon. A few students have been accepted for military training by ethnic rebels continuing their long struggle for autonomy.

The Burmese regime has said that it will hold democratic elections next spring, but recent visitors have expressed serious doubts about the depth of the commitment.

Several foreign governments have at least partially lifted their ban on aid payments imposed after the September shootings and this, together with several lucrative commodities deals signed with neighbouring countries, is said to have partially restored the regime's financial self-confidence.

Thailand has been particularly supportive, signing logging and fisheries agreements with the Burmese authorities and inviting senior military officers to Bangkok.

Thai officials claim to believe that the most effective way to bring about political change in Burma is through trade and the encouragement of economic reform, an approach which it is also applying to its relations with Vietnam, Cambodia and Laos.

Clash likely over World Bank report on Africa

SENIOR AID and development officials are due to meet in Washington today to discuss the findings of a controversial World Bank report which gave an encouraging account of structural adjustment in Africa, Michael Holman writes.

The meeting, chaired by Mr Barber Conable, president of the Bank, is seen as critical to efforts to reach broad agreement on a development strategy for the continent.

The findings of the report, a joint World Bank-United Nations Development Programme project, have provoked a storm of protest, led by the Economic Commission for Africa, a UN body based in Addis Ababa.

Last month the commission accused the World Bank of making "selective" and "inconsistent" use of economic data. Earlier this year the commission said that the continent's economic decline "continued unabated." Some African governments see the report, published in March, as an attempt to vindicate structural adjustment policies drawn up by the World Bank and International Monetary Fund.

Today's meeting was originally called to discuss medium and long-term plans for Africa's recovery. It is now likely to be dominated by efforts to close the wide gap between the Bank on the one hand, and the ECA and several other development agencies on the other, over whether structural adjustment is working.

Alan Harper

President Babangida of Nigeria being welcomed yesterday at Victoria Station by the Queen and members of the Royal Family

Queen praises Nigerian leader

By Michael Holman

PRESIDENT Ibrahim Babangida, Nigeria's military leader, was last night praised by the Queen for his "courageous and determined" economic policies. The Queen was speaking at a banquet in honour of the President, who arrived in London yesterday for a three-day state visit.

The Prince and Princess of Wales will visit Nigeria next year, the Queen announced. "I forecast that your people will give them a welcome which will fix Nigeria as firmly in their affections as it is in mine," she told the President.

During talks scheduled today with Mrs Margaret Thatcher, the Prime Minister, the two leaders are expected to discuss Nigeria's economic reform programme and the Government's commitment to a return to civilian rule by 1992.

Hard labour for Japanese tax evader

By Stefan Wagstyl in Tokyo

MR Isao Nakaseko, a Japanese businessman with extensive links with politicians, was yesterday sentenced to three years hard labour for tax evasion.

Mr Nakaseko was convicted of not paying Y2.06bn (£9.1m) tax on stock market profits, the third-largest amount ever of unpaid tax. He was also ordered to pay a Y400m fine.

Mr Nakaseko's misdeeds have embarrassed several politicians who were connected with him, including Mr Junya Yano, chairman of the Clean Government (Komei) party. The affair hit the headlines in Japanese newspapers early last year when Mr Nakaseko was arrested a few months before the Recruit financial scandal erupted.

Mr Nakaseko took advantage of the time between the end of his trail and his departure for prison to launch a series of detailed allegations about Mr Yano. In interviews with television and newspapers he accused Mr Yano of being involved in questionable stock transactions.

The dealings in 1987 concerned shares in affiliates of Meidenko, a power equipment maker controlled by Mr Nakaseko which later went bankrupt.

Mr Yano denied the allegations, calling Mr Nakaseko a "habitual liar." But the affair has damaged Mr Yano and his party, reducing its ability to take full advantage of the ruling Liberal Democratic Party's difficulties over Recruit.

Hong Kong Futures Exchange wins go-ahead for expansion

By John Elliott in Hong Kong

HONG KONG'S Futures Exchange last night won support from its members for the introduction of a new constitution which enables it to go ahead with expansion plans that have been stalled since the 1987 world stock markets crash.

This marks an important stage in Hong Kong's re-emergence as an internationally recognised financial centre following the crash. The colony's stock exchange was reformed at the end of last year and a new overall watchdog, the Securities and Futures Commission, officially started work last Monday.

Mr Roghan McMillan, chairman of the Futures Exchange, said last night that he hoped to launch the expansion in September or early October with a new interest rate futures contract, involving most major banks operating in Hong Kong. Other new futures contracts would follow later.

The exchange has been in an unexpectedly long slump since the 1987 crash when it was bailed out in a government-supported rescue.

Turnover in futures on Hong Kong's Hang Seng stock market index, soya beans and sugar amounts to only about 2,500-3,000 contracts a day, well below the minimum needed for a viable market.

Business is now expected to pick up because last night's constitutional decision, taken at an extraordinary general meeting, follows months of wrangling and uncertainty over the exchange's future and also ends a government veto on the introduction of new contracts.

Constitutional reform and restructuring has been blocked at two earlier extraordinary meetings by vested local interests opposing reforms. They included a group 26 members of tha exchange facing legal action ovar their alleged defaults, four of whom are now settling their claims.

Officials believe that a majority of the defaulting members now believe it is in their interests for the exchange to be restructured with a new constitution, and to go ahead with its expansion, while they settle their claims.

A new board structure and a decision to reinvest all surpluses back into the exchange were approved by a show of hands. More contentious changes which would gradually disenfranchise defaulters and inactive members were passed by 122 votes to 15.

Expansion plans include Hang Seng index options and currencies such as the Yen and Australian and Canadian dollar against the HK dollar. Traded stock options are being considered jointly with the stock exchange, and there are also ideas for development of regional commodity futures involving China's agriculture.

Poll shows African environment worries

A UN survey published in Nairobi yesterday found that large majorities in almost all 14 countries canvassed blamed industrial activity and government inaction for environmental destruction and said they were willing to pay higher taxes to protect their surroundings, Julian Ozanne writes from Nairobi.

The poll was published on the eve of a conference of African environment ministers which will consider the poor implementation of a 1985 regional environmental plan.

Motorola case may lead Tokyo to Gatt appeal

By Robert Thomson in Tokyo

JAPAN'S Ministry of Posts and Telecommunications, under pressure from other Japanese Government officials and the US, argued yesterday it can do nothing in the short term to solve a dispute over the allocation of radio frequencies to Motorola of the US for a mobile telephone network in Japan.

Mr Seiichi Kataoka, the Posts and Telecommunications Minister, said no radio frequencies are available to enable Motorola to run a network in Tokyo with its technology, and that Japan may appeal to the General Agreement on Tariffs and Trade (Gatt) if the US carries out a threat to retaliate against Japanese products.

The Motorola case is at the heart of a claim by the US Trade Representative's office that Japan has failed to honour telecommunications accords finalised in 1985. The US maintains the case is an example of the barriers US telecom equipment makers face in the Japanese market, while Japanese officials concede the case is "highly symbolic" for Washington.

Mr Kataoka apparently made clear to fellow-Cabinet members yesterday that his ministry is responsible for handling the problem and rejected moves by the Ministry of International Trade and Industry (Miti) to intervene.

Miti has announced plans to present a report on possible telecommunications reforms to the US by the end of the month, and a ministry spokesman said Posts and Telecommunications officials have been urged to take swift action.

The US has already drawn up a list of 54 Japanese products that could be hit by punitive duties of np to 100 per cent if steps are not taken to ease the entry of foreign telecommunications equipment, semiconductors and supercompnters.

Mr Michael Armacost, the new US Ambassador to Japan, was told during a meeting yesterday with Japan's Foreign Minister, Mr Sousuke Uno, of Tokyo's concern about the threatened sanctions. The ambassador apparently explained there is a growing perception in the US Congress that the bilateral trade imbalance has reached unacceptable levels.

New Delhi extends $50m credit line to Baghdad

INDIA has extended a line of credit of $50m (£29m) to Iraq, *in a bid for a toehold in* what is seen as a rapidly-growing market for engineering goods there, K.K. Sharma reports from New Delhi.

Indian companies are bidding for construction contracts, but initial plans are to gain a big share of the market for engineering goods.

So far, the only foreign concern given a contract to help reconstruct Basra is an Indian one. Indian companies involved in management include the government-owned Rail India Technical Services, which operates a stretch of railway between Baghdad and Akashat.

Indian companies were involved in Iraq's economic *development before the Gulf* war. In the past decade, half the total project contracts won by Indian companies were in Iraq. These include contracts to build roads, railway lines, bridges, flyovers and hotels.

The Government is asking companies like Hindustan Machine Tools, Bharat Electricals and Hydrocarbons India to make bids for consultancy contracts and prepare proposals for joint industrial ventures.

A big market in Iraq is expected for Indian iron ore pellets. Iraq may buy 4.5m tonnes of the pellets a year from 1990.

Bush to decide on joint venture

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush will decide within the next few days whether to intervene to block the proposed joint ventures in power generation and transmission between Westinghouse of the US and Asea Brown Boveri, the Swedish-Swiss group.

The current indications are that the deals will be allowed. No problems are expected in the White House since there was apparently broad support *on the inter-agency Committee* on Foreign Investment in the US.

This will be the President's second decision since the scrutiny machinery involving the Committee on Foreign Investment was strengthened by the Exoo-Florio provisions of last year's Trade Act. Three months ago he allowed Hüls of West Germany to acquire Monsanto Electronic Materials, the last US-owned producer of silicon wafers for semiconductors.

Another potential case for presidential decision, involving the takeover of General Ceramics of New Jersey by Tokuyama Soda of Tokyo, was withdrawn by the two companies after the Committee on Foreign Investment had agreed to recommend that the deal should be blocked. This was because part of General Ceramics produces advanced ceramics used in nuclear weapons components. The deal is being restructured.

Last year's Omnibus Trade Act allows foreign investment to be blocked solely on grounds of endangering national secnrity.

Some 55 cases have been *notified to the Treasury agency* responsible to the Committee on Foreign Investment since last year's Act came into force.

The Westingbouse/Asea Brown Boveri case has already been subject to close scrutiny by the US authorities since it has been restructured to meet Justice Department concern about a threat to competition. The Committee on Foreign Investment has been involved because the joint venture arrangements allow ABB to acquire Westinghouse's stake and because the combined group would be involved in provision of electrical transmission equipment overseas.

Boeing spreads its wings to match demand

A worldwide airline buying spree prompts expansion plans, writes Michael Donne

BOEING, the world's biggest builder of jet airliners, is engaged in one of its most complex planning operations ever – expanding production of all its airliners to meet an unprecedented surge in orders.

During April alone, Boeing won firm contracts for 412 airliners, worth $19.41bn, compared with 636 jets worth $30bn in the whole of 1988.

The company has an unprecedented backlog of 1,520 airliners for delivery through to 1999. It includes 807 737s, 205 four-engined long-range 747 Jumbos, 335 twin-engined *medium-range 757s and 157* twin-engined medium-to-long range 767s. It also has orders for 18 four-engined 707s for military use, such as Airborna Warning and Control System (AWACS).

The current huying spree among the world's airlines is being dictated not only by the need to replace ageing aircraft, some of which have been in service for more than 20 years, but also to meet expected traffic growth. Scheduled passenger numbers are expected to double to more than 2bn a year by the end of the century.

Also, over recent months the world airline industry has become more profitable, especially in the US, so thet airlines now feel more comfortable about making big new commitments.

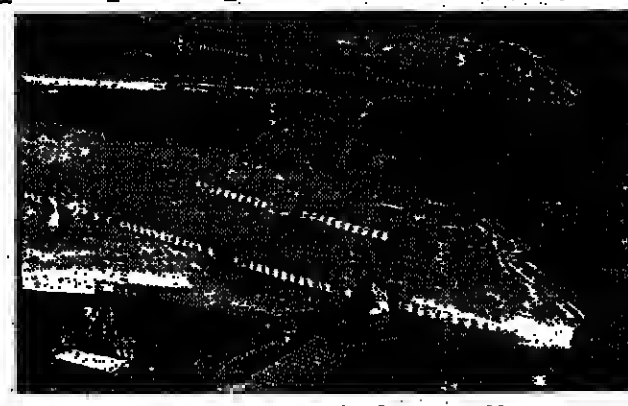
Boeing forecasts that the world's airlines as a whole will spend $516bn on new aircraft by the year 2005, involving all manufactnrers, including $295bn for growth, $125bn for replacement of ageing jets, and $96bn for orders already held.

British Aerospace has set up a second assembiy lina at Woodford, near Manchester, for its four-engined Type 146 regional jet airliner, for which outstanding orders total 158.

Fokker of The Netherlands, which recently won a massive order from American Airlines for 75 of its Type 100 *short-range jets with* an option on another 75, is seeking additional production capacity. This is why it is in the market with GEC of the UK to acquire Short Brothers of Belfast, which already builds the F-100 wings.

In Toulouse, Airbus is building a massive assembly facility at the Aerospatiale factory at Blagnac airport, for the new A-330 twin-engined short-to-medium range and A-340 four-engined long-range airliners, for delivery in the 1990s.

As with other Airbus models, parts for these new aircraft will be flown in from all over Europe, including British Aerospace, which has built new facilities at Filton, Bristol to meet the expanding production of wings for the A-330 and A-340.



Preparing for 2bn passengers by the year 2000

At Long Beach, California, Douglas is increasing production of its MD-80 series and building additional facilities to accommodate its new long range MD-11 tri-jet.

But Boeing, because of the sheer size of its order book, has the biggest problem, and is discussing with its suppliers in the US and overseas plans to expand production of all its models.

Production of the best-selling 737 twin-engined short-to-medium range jet is set to rise from the present 14 aircraft a month to 17 by the mid-1990s. At the same time, production of the bigger twin-engined medium-range 757 jet will rise from five to seven a month.

Both types are built in the same plant at Renton, south of Seattle, where $300m is being spent on new production facilities. *By mid-1990, more than* one complete commercial jet airliner will be rolling out of the Renton factory door every working day. In addition, the military 707 jets will still be in production there.

North of Seattle, at Everett, Boeing is raising the rate of 747 Jumbo production from four aircraft a month to five hy mid-89. Ths twin-engined 767 has been a slower seller, and the prodnction rate was cut last year from five a month to 3½. The rate is *expected* to go up again to five a month soon.

Boeing is keenly aware of two major prohlems – the need to increase the labour force (already 80,000 in the Seattle area), and to keep up – and if possihle improve upon – quality, especially in the light of criticisms over recent months.

Mr Frank Shrontz, president of the Boeing Company (the parent of Boeing Commercial Airplanes), said recently that while the company had been looking at even further possihle increases in production after 1991 (up to 21 737s a month by late-1991 and 10 757s a month by mid-1992), it was a question of "looking at our physical and hnman resources".

"We have to work very closely with our suppliers to see that they can step up prodnction while still meeting schedule and quality standards."

He added that Boeing was committed to "doing anything possible" to make its airliners safer. "Today, you are 19 times safer in an airplana than in your car, and we're working to make that number even higher. We have developed an engineering solution to make 'miswiring' either in the factory or on the flight line much more difficult."

Progress on Turkish power plant

By Peter Montagnon, World Trade Editor

TURKEY'S EFFORTS to establish a 1,400MW privately developed coal-fired power station complex at Yumurtalik on its sonth-eastern coast will *come closer to realisation next* month when syndication starts of some $240m commercial bank loans to help finance the project.

Costing over $1.5bn, the project is the first major test of Turkey's build-own-transfer (BOT) concept. Contracts have been awarded to a consortium led by Westinghouse of the US and Chiyoda Corporation of Japan, with Alsthom of France a significant sub-contractor.

According to Chase Investment Bank which has been acting as financial adviser, the commercial bank loans will round off a major financing package now largely in place.

This is expected to include some $200m equity participation from the project sponsors and the Turkish Electricity Anthority (TEK), and over *$1bn in export credits from the* Japanese and US Eximbanks and from Coface, the French state export credit agency.

International Finance Corporation, the World Bank affiliate which channels funds to the private sector, will contribute soms $70m in loans and $10m in equity, while OPIC, the US overseas investment insurer, will pnt in $40m in guarantees.

Underpinning the package is a web of guarantees designed to enhance the attraction of the deal to lenders worried about the risk inherent in such a novel scheme. The cornerstone is an agreement by TEK to purchase power from the project at a price sufficient to meet operating costs, debt service and dividends, provided ontput runs at 78 per cent capacity.

Turkey has also had to agree to provide subordinated loans to the project to meet cash-flow deficiencies either due to force majeure, completion delays or operating problems, but it has been counter-indemnifed by the project sponsors who are thus under pressure to complete the project on time.

By building the tariff structure around an assumed capacity use of 78 per cent, Westinghouse, which has the operating contract for the project, will also have an incentive to ensure the plant operates at a much higher capacity use than those funded by conventional means.

Mosbacher urges stronger product development links

By Nancy Dunne in Washington

MR Robert Moshacher, US Commerce Secretary, yesterday urged more co-ordination *in resources the US provides* for product development, but denied reports that he is an advocate of a US industrial policy.

"For some, this competitive challenge is a call to arms for the federal government to get intensively involved in the private sector's business," he told the Senate Commerce, Science and Transporation Committee. "That is not the right approach."

The federal government should restrict itself to co-ordinating government resources already at the disposal of US business.

The testimony follows a major address by Mr Mosbacher in Detroit, urging reform of US anti-trust laws to permit *formation* of industry-wida research consortia "to take on the European and Japanese giants".

The government must enforce trade laws to contest restrictive trade barriers, to help US companies gain access to foreign markets, he added. That effort is presumably to be headed by implementing last year's Omnibus Trads law, calling for the designation and possible retaliation against "priority countries" with pervasive trade barriers.

"Free trade must be a two-way street," he said. "If it's not a two-way street, it's a dead-end street for America."

Kinnock backed on switch in nuclear defence policy

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK, the Labour leader, last night woo the clear hacking of his national executive committee to abandon the party's unilateral nuclear defence policy and to secure the elimination of all British nuclear weapons by negotiations alooe.

The 2-1 decision followed an impassioned speech from Mr Kinnock, who said that although he had done more than most in his party to champion the cause of unilateral disarmament, it could never again expect him to argue the case.

In the face of left-wing opposition to the new defeoce policy document - which would see a Labour government put British nuclear weapons into the next phase of strategic arms reduction talks - Mr Kinnock said nations sharing Labour's objectives could not understand his party's attempt to concede nuclear weapons without getting anything in return.

In the House of Commons, Tory backbenchers repeatedly attempted to embarrass Labour, particularly over remarks by Mr Bryan Gould, the shadow trade and industry secretary, that his party did not intend to keep a deterrent in order to use it or eveo to threaten to use it.

The party's defence strategy also came under attack from the Prime Minister. Mrs Margaret Thatcber accused the opposition of maintaining "unilateralism in a different wrapping". Mr George Younger, the Defence Secretary, claimed that Labour's policy was "about as effective as a feather duster".

After the NEC meeting, Mr Gerald Kaufman, Labour's foreign affairs spokesman, refused to drawn on whether a Labour prime minister would ever use nuclear weapons. He said the question was one which no responsible government would answer because it would assist a potential enemy.

Mr Kaufman added: "It is a trap question and I am not going to fall into the trap". He said tha Britisb government had itself accepted the principle that the nuclear deterrent failed if it was nsed and claimed Mr Younger's understanding of the issue was "illiterate to the point of imbecility."

Mr Kaufman said Labour fully endorsed continning membership of Nato and now accepted that there was another way of achieving the defence of the nation in joining in the international process of conventional and nuclear disarmament.

He said "every page, every paragraph, every sentence" of the defence document had been approved and the strategy would now go forward to the party conference in the autumn and "to the country and through to victory at the next general election."

The NEC rejected left-wing amendments attempting to impose a time-scale on negotiations.

One claiming that British nnclear weapons were not a deterrent and were of no practical use was accepted without a vote.

An amendment from Mr Robin Cook, which was designed to permit a Labour government to begin bilateral talks with the Soviets if *START 11* made slow progress, was accepted without a vote, but only after Mr Kaufman insisted oo a formula which allowed wider negotiations with other countries.

Mr Cook said the amendment meant that a Labour government would not be tied to a US agreement on the progress of arms reductions.

Last night, the party's left wing pledged to try to overturn the policy at its autumn conference.

Survey in seven countries reveals snapshot of the European consumer of 1989

Affluence brings European tastes together

By Philip Rawstorne

THE growing affluence of the past decade has given European consumers more in common with each other – as they all spent more on leisure and entertainment, their homes and cars.

But a new survey of European lifestyles published yesterday by market researchers, Mintel, still supports many popular prejudices abont the differences between Europeans.

The French are the most chauvinistic; German wives the most *dominant*; and the Italians have the biggest families and love their cars the most.

Meanwhile the British have the highest divorce rate and the most unpopular food; the Dutch are cosmopolitan; and the Belgians, boring.

The survey, of 8,000 people in seven countries – the UK, West Germany, France, Italy, Belgium, the Netherlands and Spain – provides a snapshot of the European consumer at the end of last year.

Throughout Europe, the population is ageing, and the birthrate declining. This trend is so marked in Germany, that it raises doubts about its long-term manpower resources.

The number of single parent households has been rising; the institution of marriage declining, especially in the four big Roman Catholic countries of France, Spain, Italy and Belgium.

Germany is Europe's richest country and Spain the poorest. For every £1 earned and spent by the Germans, the Spanish earn and spend 68p.

Britons dislike being in debt, but save less and borrow more than their European neighbours; much of it for housing. Their debt repayments are an average 70 per cent higher than Europe's other big borrowers, the French.

The British own fewer cars than other Europeans; but lead the way in ownership of television sets, videos and home computers. They are also likely to spend more on cars, home decoration, and kitchen improvements. *Italian* cuisine enjoyed the greatest pan-European popularity. British cooking found little favour among other nationalities. But at least the British thought it best. The Belgians, on the other hand, not only gave thair own national dishes a low rating but expressed little interest in healthy eating.

(European Lifestyles Report, Mintel Publications, KAE House, 7 Arundel St. London WC2R 3DR. price £5,000.)

Power workers reject pay offer

By Fiona Thompson, Labour Staff

THE 76,000 manual workers in the electricity snpply industry have voted overwbelmingly to reject a 7 per cent pay offer and to take industrial action.

Leaders of the four unions represeoting the workers – the EETPU electricians' union, the TGWU and GMB general workers' unions and the AEU engineers – said yesterday that the ballot result had giveo them a mandate to take action "if the employers fail to come up with a snbstantially improved offer".

Both sides are due to meet tomorrow morning to discuss the result of the ballot. If the employers do not make an improved offer, the unions will meet immediately to decide on what action to take and when.

The 76,000 workers faced two questions on their hallot papers. They were askad whether they were prepared to strike over the pay claim and whether they were prepared to take industrial action short of a strike. The unions did not release the actual figures of the result but it is understood that the TGWU, the GMB and the AUE votes were two-to-one in favour of strike action and six-to-one in favour of action short of a strike.

However, this was not the case with tha largest of the four unions, the EETPU, with 9,132 in favour of a strike but 11,559 against. It did, however, support action short of a strike, by 18,582 votes to 3,499.

The Electricity Council refused to comment yesterday on whether it would be improving its offer. It seems probable that the dispute may go to the conciliation service Acas.

● The BBC's television and radio services are expected to be widely disrupted today, the second day of a 48-hour strike over the corporation'a 7 per cent pay offer.

Tunnel brings UK closer to European hub, says Channon

By Kevin Brown, Transport Correspondent

FT CONFERENCE

TRANSPORT LINKS WITH THE CONTINENT

THE CHANNEL tunnel will help the UK economy overcome the problams of being peripheral to tha European market, Mr Paul Channon, Transport Secretary, told a Financial Times conference on transport links with the continent yesterday.

Mr Channon said UK businesses could be put at a competitive disadvantage by their location at a distance from the centre of the emerging single market of 3.2bn people.

The tunnel would help to ensure that peripherality did not become a problem by moving the UK closer in economic terms to the hub of the European market.

The effect of the tunnel would be to concertina the distances between UK cities and the continent. This meant that the disadvantage of businesses located in the British regions far from the Channel ports would be reduced.

The economics of long hauls by rail would increase in proportion to the distance of the journey. Regional disadvantages, far from being increased by the tunnel, were likely to be *reduced*.

Mr Channon, who was heckled by protestors as he arrived for the conference, said proposals for a high-speed line from London to the tunnel would not be allowed to "ruin" Kent.

The line would never go ahead unless environmental protection was seen to be adequate. BR, which is expected to promote a Bill authorising the link in the autumn, would not get parliamentary approval unless MPs were satisfied that sufficient safeguards had been included.

"We cannot ride roughshod over the people of Kent," Mr Channon said. Hundreds of millions of pounds would have to be spent on protecting the environment because "we cannot have Kent ruined by a rail-link."

Sir Robert Reid, chairman of the British Railways Board, said that while BR was unloved and unwanted in Kent, the message from north of London was that more railway capacity must be provided.

Sir Robert said the success of the UK in tomorrow's Europe was seriously threatened without proper rail services.

However, BR had to bear in mind that there was ample spare line capacity north of London for both freight and passenger services; that a high speed network covering the principal mainlines with 125 mph passenger trains already existed; and that building railways was hugely expensive, especially in the light of the Channel Tunnel Act, which required BR to operate commercially.

There was no lack of vision or enterprise among railway managers, but they had a healthy sense of realism. There had been many false dawns in the expansion of rail transport, and railway mania had produced plenty of bankruptcies a hundred years ago.

Extravagant demands were being made for new lines in the UK without regard for need, let alone the cost or any idea of how they might be funded.

Mr Alastair Morton, co-chairman of Eurotunnel, said investment in transport intrustructure had increased in real terms, but remained too little, too late. Nearly all that had been done had been "patch, infill and fudge."

Britain had a genius for that form of activity, while backing slowly into the future.

The impact of the Channel tunnel would increase congestion in south-east England, and the only answer was to move through traffic in corridors defined by the Government. Private capital could be *brought into such projects only* by the use of concessions, giving the right to exploit the economic benefits, similar to that granted to Eurotunnel itself.

Mr Karel Van Miert, the European Commissioner for Transport, said the significance of the Channel tunnel went far beyond Kent and the Pas de Calais, and beyond the two member states concerned.

It was a project of Community-wide importance which would not only reduce travelling times but also had a wider cultural significance which would influence the development of the attitude and behaviour of the people of Europe.

The tunnel was likely to increase the total amount of cross-Channel trade, which would benefit all competitors *as long as* unfair competition was avoided.

The Community would play a central role by ensuring that fair competition was maintained among all transport modes.

Mr Stuart Phillips, president of the Freight Transport Association, said Britain's peripheral position in the Community threatened its future prosperity.

Unless road and rail links were fit for the task, European competitors would be better placed to supply the UK domestic market than British companies would be to supply European markets. That would herald serious consequences for inward investment in UK-based business, and for employment.

British industry was seriously concerned that the road network in many parts of the country was totally inadequate for industry's needs. It was adding to costs and affecting competitiveness.

Put simply, demand for road space had outstripped supply. There were major gaps in the motorway and trunk road network and the lack of adequate links with Europe reflected past economic history and not the existing and future trading pattern.

Granada and Laing form holiday village venture

By Andrew Hill

GRANADA GROUP, the leisure and consumer electronics company, and *John Laing*, the construction group, have set up a joint venture to develop upmarket holiday villages in tha UK and continental Europe.

Two years ago, John Laing was the main contractor for a similar 450-acre holiday village in Nottinghamshire run by Center Parcs, the Netherlands company which will be the new project's main competitor. Another Center Parcs development – not built by Laing – is opening in Suffolk this summer.

Center Parcs has eight sites in the Netherlands, two in Belgium and one in France.

Lakewoods, as the Granada/Laing joint venture is called, aims to invest more than £500m to build at least five villages in the UK, and more in Europe, with the first British development completed by 1992. Lakewoods hopes to target the short-break family holiday market.

The jointly owned company has already identified one site at Somerford Keynes, on the edge of the Cotswolds in Gloucestershire.

A planning application there is to be the subject of a public local inquiry but Mr Derek Lewis, Granada'a managing director, said yesterday that he did not feel local objections would hinder the project.

Mr Peter Moore, Center Parcs' director of marketing in the UK, welcomed the new rival.

Flying lessons.

Adequate.

If I'm really honest that's the only way to describe how our last job turned out.

A couple of people on the second floor said they liked it but I think they were just being polite.

We missed a trick somewhere. We should have pushed it further. I'm not trying to make excuses but I guess we ran out of time.

A month later we changed our computer system.

It's almost as if the whole company's been on one of those motivation courses.

I'm not saying we're having better ideas exactly. I think we always felt we were capable of this kind of work.

It's just that now nothing is getting in the way of the ideas, slowing up the process.

We're spending all of our time working out our problems, not our computers.

We don't have to memorise a complex series of commands or rules any more. It's as natural to use as say, a pencil.

I don't know about you but my mind works in a fast, pretty haphazard way.

This computer can keep up. It has so many options. It lets you fly off at all sorts of tangents. New possibilities keep presenting themselves.

There are thousands of programs but you only have to learn one. And you've virtually learnt them all.

So far the best idea with this new computer has come from Dodds in personnel. Dodds!? I mean I thought he'd retired.

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Court hears of discovery of Noriega bank accounts

By Raymond Hughes, Law Courts Correspondent

DOCUMENTS relating to bank accounts held by Geoeral Manuel Noriega, the Panamanian leader, who has been indicted in the US on drug trafficking offences, and members of his family, were discovered "by chance" when Customs officers raided the City of London offices of Bank of Credit and Commerce International, the High Court was told yesterday.

The Customs and Excise is challenging a judge's ruling that it cannot pass on information about the accounts to drug enforcement agencies in the US or elsewbere.

Mr Andrew Collins, QC, for the Customs and Excise, told the court that the documents had been discovered in a locked cabinet in a BCCI office in Leadenhall Street by Customs officers engaged in a drug money laundering investigation not involving General Noriega.

The officer who found the documents realised that, although not related to his particular investigation, they were likely to be of substantial value to those investigating the general's alleged involvement in drug trafficking.

As the Noriege documents were not covered by the Customs' search warrant the Customs sought an order from a Crown Court jodge requiring BCCI to hand them over.

On November 16 Judge Pearlman at Southwark Crown Court ordered the bank to produce the documents – but only after the Customs had undertaken not to show them to foreign drug enforcement agencies.

Mr Collins said that the jndge had heen concerned because BCCI had claimed its employees and premises in Panama would be at risk if the material was passed to the US.

Counsel said he had given the undertaking only because Judge Pearlman had made it a condition of getting the production order.

Mr Collins asked the High Court to free the Customs from its undertaking on the ground that making it a condition of the order had been unreasonable and interfered with the international battle against the scourge of drug trafficking.

He said the law made it clear that, in any application under the Drug Trafficking Offences Act, what should concern the court was not only drug trafficking in the UK hnt anywhere in the world.

It was an international trade and those who indulged in it sought to launder the proceeds all over the world, including in the City of London.

It was vitally important that those investigating that sort of matter should have the power to exchange material with drug enforcement agencies in other countries, Mr Collins said.

Mr Peter Cresswell, QC, for BCCI, which is contesting the Customs' application, said it was a serious matter for the banking community in the City if confidential banking matters were not to be kept in the hands of "our own trusted Customs officers."

He was concerned that putting material in the hands of overseas Customs officers would mean that "bank accounts of customers may go into the public domain."

Mr Cresswell argued that the law did not allow documents ohtained by British Customs officers to be sent overseas for the purposes of a trial.

He said the case raised hig issues and the court would have to decide just how far the UK Customs could go in co-operating with other countries in the fight against drug trafficking.

The hearing continues today.

Isle of Man relaxes controls to attract banks to open subsidiaries

Island allows 'brass plate' banking

By Ian Hamilton Fazey, Northern Correspondent

THE Isle of Man is to allow foreign banks to set up "brass plate" operations on the island, eituated in the Irish Sea between north-west England and Ireland.

Foreign banks will be able to open subsidiaries which will be managed hy banks already there, but subject to tight vetting of licensees and managers to prevent abuse.

The managed offshore banking licence, announced yesterday, is designed to appeal to banks which want to operate from an offshore centre close to London but which do not want the expense or commitment of setting np a full branch or subsidiary with its own local management.

The move is a significant departure from the Isle of Man's policy since 1982, when it put in tight controls after the collapse of the Savings and Investment Bank with £42m of depositors' funds. Previons requests to set up brass plate operations have been turned down out of hand. The change of heart will be seen in the international offshore finance industry as a measure of the island's confidence in its regulatory framework and supervisory machinery.

To control the risk of fraud or laundering of money obtained from crime, the island's Financial Supervision Commission (FSC) will approve applications only from what it calls "prime" banks in jurisdictions exercising "proper" licensing and subscribing to the international concordat on banking supervision.

The island is a self-governing Crown dependency and not subject to UK law.

Any of the 54 banks on the island wanting to manage a brass plate operation will be vetted carefully. The relationship between the foreign bank and its operations on the island will be an "arm's length" one.

The licence fee will depend on whether the foreign bank wants to be taxed on its Isle of Man operations. For tax-exemption the fee will be £25,000 a year, while those paying tax will be charged £5,000.

There will also be two types of licence – a general one to cover all banking activities and a restricted one for mainly wholesale business where no money received from the public is involved.

Mr Jim Noakes, the island'e banking supervisor and FSC executive commissioner, said there have been two applications for the new type licence already, which is targetted at big-name banks on the European mainland, particularly in Switzerland, as well as in Japan, the US, the Gulf and other Arab countries.

Mr Noakes hopes that the new licence will provide a half-way house through which they can test the island'a growing financial industry without having to set np a husiness capitalised at £5m. Similar licences are offered by the Cayman Islands and the Bahamas.

Mr Noakes added: "We are not going to license a lot of small banks and there will be no relaxation or slackening of our quality control. We are giving a lot of good quality banks the chance to set up a low-cost banking operation in a well-regulated offshore centre near the European Community."

Arts benefit from launch of new bank credit card

By Antony Thorncroft

A CREDIT card which benefits arts organisations every time it is used was launched by the Midland Bank yesterday. Holders of Artscard can choose between over 50 arts companies as beneficiaries, ranging from the Royal Academy and the Tate Gallery to Hull Truck Theatre Company and the City of Birmingham Symphony Orchestra.

The card had been pioneered by the Arts Council which is looking at ways to develop new funding for the arts alongside government subsidy. The first time the card is used the Midland will donate £5 to the chosen arts organisation and will then hand over, each quarter, the equivalent of 25p for every £100 spent through Artscard.

The Arts Council anticipates that 50,000 cards might be in circulation within two years, generating around £400,000 for the arts. The Midland would expect to break even on the operation once this level of business is reached.

The target after five years is £2m. additional revenue for the arts. The Artscard is the Midland's first affinity card and the first in the UK to benefit the arts. It can be used in any of the 300,000 retail outlets in the UK, and the 6m. worldwide, which accept Mastercard, Access and Eurocard.

Arts organisations with over 5,000 addresses on their mailing lists were asked hy the Arts Council if they wished to participate in the promotion. Most organisations expect to receive annually around £10,000 extra revenne in the initial stages, which will be used for specific purposes, with a hias towards encouraging new arts activities.

The Midland Bank is examining the possibility of launching a corporate Artscard which would greatly increase the potential benefit for arts groups. It will be up to individual bank managers to decide whether customers can hold an Arts card along with a conventional card and thus gain two sources of credit. The credit facilities of the Artscard will be charged at 2 per cent per month (APR 26.8 per cent), the same as Mastercard.

Companies invited to bid for private power project

By Maurice Samuelson in Helsinki

FOUR civil engineering groups have emerged as front runners to construct and operate the first of a new generation of private power stations to be situated at British coal mines.

John Brown Engineering, Bechtel, John Mowlem and the Tarmac Group will be formally invited next month to submit competitive terms for a 150 MW low-pollution plant at British Coal's Bilsthorpe Colliery, Nottinghamshire.

The East Midlands Electricity Board will invite the bids on behalf of itself and British Coal, the principal partners in the power station, expected to cost £100m-£120m.

Details of the scheme were outlined in Finland yesterday by a British Coal official during a visit to Ahlström Pyropower, the Finnish-based company which has offered to equip the Bilsthorpe station.

Mr Peter Mills, British Coal's head of industrial sales, said it was hoped that the project would be confirmed by the end of the year. The plant would then become the first new entrant into Britain's privatised electricity market, ahead of the dozen or so gas-fired power stations that have also been proposed.

The Bilsthorpe plant, incorporating the most modern combustion equipment, is intended to meet the most stringent international standards on environmental pollution and to perform at high efficiency.

A race is on to supply boilers using fluidised bed technology, in which low-grade fuels can be hurned cleanly and efficiently. The field is dominated by Ahlström and hy Lurgi of West Germany, whose UK manufacturing affiliate is NEI International Combustion.

Ahlström, which claims the lion's share of a growing international market for this equipment, is associated with John Brown for the Bilsthorpe contract but could also team with one of the other main contractors if John Brown is not selected. Lurgi and NEI are associated with Bechtel's hid.

Like all the other new power stations on the privatisation drawing board, the final go-ahead for Bilsthorpe depends on matching a long-term contract for electricity sales with one for the power station fuel.

These cannot be finalised until the area electriclty boards have concluded their negotiations with the main electricity producers.

Army regiment structure called into question

By David White, Defence Correspondent

THE ARMY'S cherished regimental structure is questioned in a report published today by the National Audit Office, the Government's financial watchdog body.

The report by Mr John Bourn, Comptroller and Auditor General, says the Ministry of Defence ehould consider reviewing the way combat arms and support services are organised into regiments and corps to improve the use of manpower.

The recommendation comes as the Army weighs measures to offset the effects of the imminent "demographic trough" on its manning levels, which are already about 2,000 below requirements.

Although it acknowledges the contribution that regimental loyalties make to "cohesion, fighting spirit and morale in battle," the report argues that structures have remained largely unchanged since the mid 1960s.

Since then, Army numbers have shrunk from 194,000 to 158,000 and some tasks have changed.

The report calls for examination of further reductions in manning requirements in the armed forces, in spite of claims by all the services that present shertfalls place "high levels of overstretch" on personnel and are a cause of early retirement.

It suggests possible savings in the Army by restructuring some snpport corps, which include small units ranging from the Army Legal Corps to the Royal Army Veterinary Corps.

It questions the need for a separate Pay Corps, suggesting that by using more civilians for duties of the corps the Army could save £10m a year. It also proposes that the Army and the Royal Air Force should rationalise duplicated support services in West Germany.

The report covers staffing policies hy the MoD and a total of 500,000 service and civilian employees.

It finds that 3,300 servicewomen posts could be occupied by civilians or contracted out, with potential savings of about £14m a year.

Service personnel costs, excluding pensions but including payments to reservists, are put at £4.57bn for the current financial year, and MoD civilian staff costs at £2.33hn.

Ministry of Defence: Control and Use of Manpower. National Audit Office. HMSO. £6.50

Airports authority faces monopoly trading inquiry

By Rachel Johnson

BAA, the privatised British Airports Authority, is being investigated by the Office of Fair Trading for possible abuse of its monopoly position, it was confirmed yesterday.

The investigation has been underway for over six months, following a series of complaints from businessmen serving UK airports that the BAA's charging proposals – due for implementation this autumn – are unfair and exploitative.

The proposals cover rents for franchised shops, offices, car parking and stopping fees for buses and coaches.

The majority of complaints received by the OFT have been from hus companies facing charges for journeys to and from airports for the first time.

Up till now, hotels with courtesy coach services and coach companies paid BAA a set sum per year for the concession; BAA is proposing they pay a set fee per trip instead.

The Association of Heathrow Hoteliers, representing 16 hotels, said this would constitute an increase in charges from £16,000 this year to £160,000 next year unless the proposals were hlocked.

The OFT said it was looking at a range of "complaints across the board" as well as from transport companies and hotels.

The investigation would be "open-ended," and would not necessarily completed hefore the new charging proposals come into effect.

Greeks enter talks over shipyard sale

By Lynton McLain

TALKS about the possible sale of North East Shipbuilders are to take plece tomorrow between Greek shipping interests and the Industry Department in London.

The companies involved are understood to be Kappa Maritime, Charterwell Maritime and Transman Shipping Enterprises. A London shipbroker, H. Clarkson, has been masterminding the approach by the Greek companies and is expected to be represented at the talks tomorrow with Mr Tony Newton, the Industry Minister.

Mr Newton announced in December the closure of North East Shipbuilders, the Sunderland-based yard which has had difficulty winning orders.

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JOBS

Why new challenges are not the key test

By Michael Dixon

"ARE YOU looking for new challenges?," shouts the recruiting advertisement aimed at the forthcoming crop of graduates. If so, it adds, you need look no farther than a career in management with the group that placed the ad.

It is pointless to name the company, for there is nothing distinctive in its choice of that headline message. So many employers use the bait of "new challenges" even when angling for experienced executives, that the bulk of potential candidates probably pass over the headline without registering it.

Hence recruiters seeking managers really worth keeping might do better to offer them an old challenge which most organisations, in the west at least, have yet to take up. It was made in 1979 by Konosuke Matsushita, the creator of the £22bn-sales consumer electronics group Matsushita Electric, who died a few days ago.

The importance of his words, already confirmed by events over the decade since he spoke them, looks bound to grow in future. So until the old challenge is overcome, looking for new ones may be less and less use. Here is what he said:

"We are going to win and the industrial west is going to lose out. There is nothing you can do about it, because the reaons for your failure are within yourselves. With your bosses doing the thinking while the workers wield the screwdrivers, you are convinced deep down that that is the right way to run a business. For you, the essence of management is getting the ideas oot of the heads of the bosses and into the heads of labour.

"The survival of firms today is so hazardous in an increasingly unpredictable environment that their continued existence depends on the day-to-day mobilisation of every ounce of intelligence. For us, the core of management is the art of mobilising and putting togethar the intellectual resources of all employees in service of the firm.

"Because we have measured better than you the scope of naw technological and economic challenges, we know that the intelligence of a handful of technocrats, however brilliant they may be, is no longer enough to take them up with a real chance of success.

"Only by drawing on the combined brainpower of all its employees can a firm face up to the turbulence and constraints of today's environment."

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(12 months to March 31)

Type of work	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %	1984-85 Posts advertised	1984-85 Change from 83-84 %
R & D	4,353	+24.0	3,510	+ 3.9	5,378	−42.0	5,823	−22.8	7,527	+ 5.4
Sales & mktg	5,164	−19.0	6,373	+ 4.1	6,124	− 5.0	6,447	− 0.8	6,502	− 3.2
Production	7,309	+17.1	8,242	+29.9	4,807	−23.8	5,311	−12.1	7,178	+15.5
Accounting	7,602	− 2.5	7,795	+15.8	6,732	+ 5.2	6,401	+ 2.2	6,261	+11.6
Computing	4,878	+31.5	3,710	+ 0.7	3,686	− 7.8	5,998	− 8.7	4,287	+34.1
General mgt.	1,561	− 5.9	1,659	+19.8	1,385	+ 6.0	1,307	+ 4.0	1,257	− 5.1
Personnel	1,115	− 0.2	1,117	+11.1	1,005	+15.5	870	−19.8	1,085	+13.4
Others	7,912	+14.1	6,936	+20.9	5,735	− 8.9	8,162	− 0.8	6,214	+39.3
Total	39,894	+ 6.8	37,342	+13.7	32,852	−12.0	37,319	− 7.4	40,311	+13.2
April-June	10,593	+23.2	8,587	+ 5.2	8,172	−21.5	10,412	+ 0.8	10,034	+20.3
July-Sept	9,338	+12.8	8,274	+ 8.0	7,684	−19.4	9,507	− 2.8	9,760	+20.7
Oct.-Dec.	9,048	− 2.2	9,248	+17.8	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.8
Jan-March	10,915	− 2.7	11,223	+22.4	8,166	+ 4.1	8,804	−24.3	11,624	+ 9.3

Puzzling

IF ANY reader can make sense of the latest moves in United Kindom demand for executives as revealed by the above table, the Jobs column would be glad to hear. So would the source of the figures - MSL International which since 1959 has kept a quarterly count of higher ranked posts advertised in prominent British journals.

In total terms, taking all kinds of executives together, the 12 months to March 31 produced the second highest tally for an April-March period since the counts began. But as the figures for the separate quarters at the foot of the table show, the last two have seen the all-types demand edging down.

The puzzle occurs higher up in the individual tallies for the different sorts of executives over the 12 months to the end of March. Advertised demand for production managers during that period has never been higher than it was in 1988-89. The same goes for computing gurus and for "others", including buyers, company legal staff, economists, mixed consultants and the like.

On the other hand, while openings for research, design and davelopmant people perked up, the 12 monthly tally stayed well below the level of 1985-86 let alone the record of 1984-85. Moreover sales and marketing demand - which tends to be a lead indicator of movements in the executive market as a whole — fell to its lowest for any April-March since 1981-82.

What such cross currents imply is something that not even MSL's market-watchers care to say. Even so, they remain pretty optimistic. After all, given that 1988 produced the best calendar year's demand ever recorded, the slippage since the end of September is hardly a reason for gloom.

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RECRUITER Graham Walker of Anthooy Nevile International seeks a marketing and sales director for the Scotland-based subsidiary of a big group. Since he may not name his client, he promises to respect applicaots' requests not to be identified to the employer at this stage.

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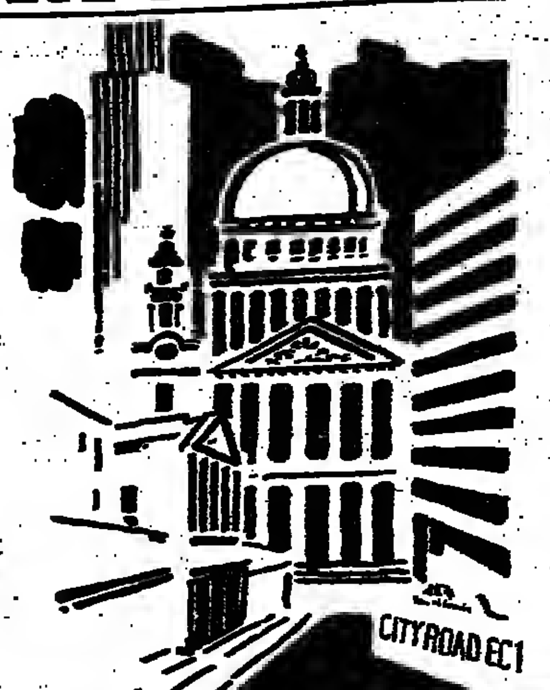

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Euro Brokers Sterling Limited, a member of the Euro Brokers Group of leading International Money Brokers, wishes to employ additional experienced Building Society and Corporate brokers to support its rapidly growing business with Building Societies and major companies. Candidates should have a detailed understanding of Forward Rate Agreements, Interest Rate Swaps and derivative products.

Successful candidates will receive an excellent remuneration package including a significant performance related element.

Please reply to:
Judy Fitch or Patrick Bullimore
Euro Brokers Sterling Limited
Adelaide House, London Bridge
London EC4R 9EQ

Tel: 01-626 2691

LONDON · NEW YORK · TORONTO
LOS ANGELES · TOKYO · BARBADOS

INVESTMENT MANAGER EUROPEAN EQUITIES

The London based investment management subsidiary of one of the largest financial services companies in the United States is seeking an investment manager with 3 to 5 years experience in Continental European and UK equity investment management.

The post will carry responsibility for the management of the European portion of the funds. In addition to stock selection, the job will involve asset allocation and occasional trustee reporting and the successful candidate will need to show a good performance record in managing equity funds with a European emphasis.

The company is offering a competitive renumeration package including a range of fringe benefits. Please submit a C.V. stating experience, salary and personal details to

Box A1227, Financial Times, One Southwark Bridge, London SE1 9HL.

TRADING / SALES

LIFFE PIT TRADERS
Salary aae & excellent benefits

Our client, a major financial institution, has vacancies for both a senior and junior trader. The senior position will be filled by an active trader with 2/3 years' experience. The junior will be 18/25 years old with a minimum of 6 months' active trading. Knowledge of short sterling, Eurodollar and Bonds contracts is essential. Excellent long term career prospects.

CORPORATE TRADING/SALES
Salary aae

We have a number of major banks who are seeking corporate traders and salesmen experienced in either FX or Money Market products, ideally in their late 20s/early 30s with at least 1 or 2 years' active sales/trading experience.

ECP SALES
Salary aae

A major European bank seeks a salesman to join the ECP team in its City office. Aged 20-25, the successful candidate will be required to deal with end users. At least two years' relevant selling experience ideally gained with a major house is essential. A second European language would be an advantage.

MONEY MARKET DEALER
Salary aae

An exciting opportunity has arisen for a deposit dealer aged 20/25 with 1/2 years' active trading experience of European currencies to join an important West End based bank. A knowledge of off balance sheet instruments would also be an advantage.

Other current vacancies include: Senior Eurobond Sales, a Japanese FX Corporate Trader and FX Manager, all based in London; Swaps/Options marketing executive and a FX Manager, both based in Frankfurt; and various positions based in the Gulf.

For information on the above and other vacancies or for a general discussion in confidence on your career development, please contact Ian Dodd or Philip Wright.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

7 Birchin Lane
London EC3V 9BY

Devonshire Executive Ltd

Tel: 01 895 8050
Fax: 01 626 2092

A member of The Devonshire Group Plc

MARKETING MANAGER (MD Designate)

Circa £30k **Leafy Warwickshire**

Have you the vision and experience to take a long established, highly successful nursery company into the 21st Century?

Candidates with suitable experience will probably not currently be working within a nursery business. Our client is looking for someone with proven marketing skills who will bring a fresh approach to this traditional industry. Knowledge of tree and shrub production is not a requirement as there is a well qualified technical team and Nursery Director.

1992 and market changes within the UK Nursery Industry make this a time of exciting change. There is a need to extend and diversify the customer base at home and in Europe, and to devise successful sourcing and marketing strategies for the nineties and beyond. Environmental issues are becoming increasingly important so there is great potential for growth in this market.

Applicants will be between 30 and 50, fluent in at least one European language, and have experience of negotiation at senior level. They will be self-motivated and have the ability to motivate others. Above all, the successful candidate will have a strong entrepreneurial streak and the strength of character to carry through the planned initiatives.

Remuneration is negotiable and will include a salary of not less than £20k, performance bonuses, pension, private health insurance and company car.

To discuss in confidence please telephone Mr G C Brookes.

LAURENCE GOULD CONSULTANTS LTD, BIRMINGHAM ROAD, SALTISFORD, WARWICK CV34 4TT Telephone 0926 496121

MANAGEMENT CONSULTANTS IN AGRICULTURE, ENVIRONMENT, FOOD

MICHELANGELO

EUROBOND SALES
We have been retained by 4 major Bond Houses to recruit Eurobond sales people with not less than 18 months recent continuous work experience selling to any one of the following countries- Benelux, Switzerland, Italy, Canada and Germany. Please call us for further details. Excellent salary and benefits packages commensurate with age and experience.

SENIOR DEALER FOREIGN EXCHANGE C £50,000 + BEN
A prestigious International Bank - A major name in is seeking a top quality dealer with experience covering spot, cable and crosses. Suitable candidates will have not less than 4 years continuous trading experience.

SENIOR FINANCIAL FUTURES BROKER
A prestigious European Brokerage House are offering a first class opportunity for a Japanese Broker to return to Tokyo and head up the financial futures team. Suitable candidates will have a minimum of 3 years experience on Liffe and Chicago. Matif and Philly experience an advantage. Applicants will have the proven ability of man management and client liaison. Salary package commensurate with age and experience, but range will be in 6 figures. (No 2 position also available).

FINANCIAL FUTURES BROKERS
This is an exciting opportunity for Financial Futures Brokers with a minimum of one years experience. All positions require a high rate of numeracy with a preference towards fluency in French, you must have first class credentials with a sound work record. We also require a Liffe Floor Trader, Silver and with 2 years experience. Remuneration and packages in line with experience with these front line employers.

L.M.E. DEALERS
2 major houses are recruiting for Bullion Dealers with good in depth experience in all aspects of the market. Both positions offer tremendous potential for dynamic applicants who are able to shoulder responsibility. You will have a minimum of 3 years continuous experience. Salary package offered, will be commensurate with age experience and potential.

GERMAN EQUITY ANALYST/EUROPEAN EQUITY SALES
This major International Securities House requires a German speaking graduate who has experience with German Equities. Also required is a European Equity sales person who has at least 12 months experience in this front line position.

TREASURY CORPORATE SALES
First class company requires sales person with minimum 3 years experience in FX and Moneymarkets. The successful candidate must show a dedicated attitude and be able to fit into the team environment. The prospects are good with full package and generous salary according to experience.

Please contact
Andrew Bartlett or Oliver Wells

MICHELANGELO RECRUITMENT
The Hop Exchange,
24 Southwark Street, London SE1 1TY
Telephone: 01-403 4645. Fax: 01-378 0950

INSTITUTIONAL FUND MANAGEMENT EQUITY RESEARCH

£20,000 to £80,000

As a result of recent developments, several of our major clients wish to increase their management and research strength. Assignments are for both investment managers and analysts with two to ten years experience of the UK, US, European, Far Eastern or Fixed Income markets.

We invite approaches from high-calibre individuals who now wish to make a contribution to the continuing growth of reputable institutional investment management companies.

For an initial talk, or informal discussion for the future, please contact Andrew Thompson in confidence: 20 Cousin Lane, London EC4R 3TE. Telephone: 01-236 7307. Fax: 01-489 1130.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

Could you break into banks around the world?

ACF Consultants are doing it all the time, as international market leaders in providing training and consultancy services to banks and financial institutions. We have just won a National Training Award in the UK, and enjoy an enviable reputation abroad.

Now, we need someone special to help us capitalise fully on that reputation, as our Global Marketing & Sales Executive.

Based in London, but with a world-wide roving commission, you will be a well-travelled self-starter, with experience in marketing sophisticated products, services and concepts to senior management.

Excellent communication skills — preferably in more than one language — and the self-confidence to exercise initiative are essential; a background in banking and finance, overseas business experience and familiarity with computers would be valuable assets.

Naturally, for someone so special, we offer an attractive remuneration package. If you could justify it, please reply, with CV and salary details, in confidence to:

Deborah Holland, ACF Consultants Ltd, 10 Charles II Street, London SW1Y 4AA. Tel. 01-925 0705.

ASSISTANT PORTFOLIO MANAGER
Philips Pension Fund City

An opening has now arisen within our City Office for an Assistant Portfolio Manager for the Philips Pension Fund. Ideally under 28 years of age, the successful applicant must have at least two years' experience of analytical work covering both UK and overseas equities and have held a post which involves taking some responsibility.

Candidates should hold an appropriate qualification and be capable of playing a full part in decision making within a small team.

Salary will be commensurate with experience and ability and conditions of employment are those associated with a large organisation.

Please send brief details to:-
Miss Janet Morris, Personnel Department,
Philips Electronics, New Road, Mitcham,
Surrey CR4 4XY.
Preference will be given to non-smokers.

PHILIPS

STOCKBROKING IN AUSTRALIA

A chance to live in Sydney and work for one of Australia's top investment banks.

The bank deals in Australian securities on behalf of local and overseas investors. As the result of an increase in demand for business worldwide, the equity division is now expanding.

The positions are based in the Head Office situated in Sydney.

Initial interviews will take place in the London office. The next stage will be to fly successful candidates out to the Head Office where they will have the opportunity to meet potential colleagues and familiarise themselves with the job they will be doing – as well as more general aspects of living and working in Sydney.

The bank has undertaken to finance the trip and all reasonable expenses.

GOLD/MINING ANALYST
The equity research group requires an analyst to join the Mining team and assume the number two position. Ideally, you will also have experience of analysing the Gold market and be able to establish this research facility for the bank.
It is essential that you have a minimum of eight years relevant experience of which at least four will have been spent in stockbroking.

OPTIONS TRADER
This position is for someone to join the existing trading team which facilitates/supports the bank's institutional equity sales function.
It is essential that you should already have a minimum of three years experience working in Exchange Traded Options.

EQUITY SALESPERSON – JAPANESE INSTITUTIONS
This is a second appointment for someone to sell Australian equities to Japanese institutions, with whom the bank has already established good relationships.
It is essential that you have a good knowledge of financial institutions in Tokyo and an ability to speak Japanese would be a considerable advantage.
You should also have stock-broking experience, although this need not necessarily have been in Australian equities.

In each instance salaries will be highly competitive and full assistance will be given to your relocation. If you would like to apply for these positions please telephone Christine Hough on 01-222 7733 or write to her at:
John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Fax: 01-222 3445

John Sears and Associates A MEMBER OF THE SMCL GROUP

SEAN MacHALE AND ASSOCIATES – BUSINESS CONSULTANTS

General Manager - Marketing

RETAIL BANKING REPUBLIC OF IRELAND

Our Client, a major financial institution based in Dublin, with a country-wide branch network wishes to appoint a General Manager – Marketing.

Recognising that the financial services industry is undergoing a period of rapid change and product diversity, this new key appointment offers the successful candidate a unique opportunity to develop and manage future marketing activities of the bank.

Reporting to the Chief Executive, the successful candidate will be responsible for ensuring vigorous business growth in existing and new areas of activity.

Candidates, probably aged 28-40, must have a proven track record in marketing. A high achiever, articulate, familiar with the banking industry and capable of motivating staff, should derive considerable satisfaction from this challenging position.

An attractive remuneration package, reflecting the importance of this position, is envisaged.

Applications, quoting reference number 309, should be made to P.J. Feeney,

Sean MacHale and Associates,
Business Consultants,
Executive Recruitment Services,
28, Lower Leeson Street,
Dublin 2.
Telephone: (01) 614423

CORPORATE FINANCE

Young CA 27-32
Career opportunity
Scotland

Our Client is the corporate banking arm of a long-established company which has now joined together with an extensive group of major international financial services companies to form an immensely strong PLC.

The senior teams from of all these companies are high profile leaders in a variety of niches in finance in the UK and US and this has given each part of the PLC much greater strength, funds and access to markets.

The Scottish corporate banking team, led by a UK Director who is a Scot, has grown dramatically and seeks to recruit a young executive who will develop a career with them.

Initially, you will work with the Director and will, after training, take responsibility for client handling – preparing the business plans or prospectus, gaining client commitment for the plan, then raising finance from institutions, the group, public bodies or the market. The company provides advice and assistance in all aspects of corporate finance including capital structures, public offers, private placings, takeovers, expansion capital, MBO's, MBI's and BES schemes.

This is an exceptional opportunity to establish a corporate finance career with a highly respected organisation poised to become one of the major players in the market.

Possibly working with a competitor where career advancement is too slow for your abilities, or in the corporate recovery or investigations department of one of the 'big 8' CA firms, you will be a young CA of above average ability with the personality, commonsense and drive to establish yourself in this most competitive market. Career potential is unlimited.

The remuneration package is unlikely to be a limiting factor to suitable candidates and includes a high base salary, bonus, car, pension, equity participation scheme and health care. Relocation to the Glasgow area is available if required.

To apply, please send your detailed CV stating current salary to Douglas Kinnaird quoting Ref: 3305/FT, at PA Consulting Group, Number Two Blythswood Square, Glasgow G2 4AD, or telephone his secretary for an application form on 041-221 3954.

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St. Albans **Salary up to £35,000 plus profit sharing**

B & W Financial Services Limited is a wholly owned subsidiary of Bacon & Woodrow, the largest firm of consulting actuaries in the UK, providing comprehensive fee based financial advice to individuals and partnerships.

The Company is established as one of the foremost providers of personal pension advice to professional partnerships and high net worth individuals, advising on contract selection, the financial strength of providers, term assurance and PHI, asset management, performance measurement and the establishment of self-administered arrangements.

In order to meet the demands of the Company's expansion, a specialist consultant is required to join the personal pensions team. The successful candidate will be responsible for providing high quality, fee-based consultancy advice, mainly to the partners of existing professional partnership clients, and to take a central role in the development of new personal pensions business through the Company's extensive network of professional contacts.

Applications are invited from individuals with a sound technical background in personal pensions, who are able to demonstrate fluent verbal and written communication skills and have been educated to degree or equivalent professional level.

The Company's entry requirements are high, but in return the successful candidate will be offered a generous remuneration package which will include a profit-sharing scheme, company car, BUPA, PHI and non-contributory pension scheme together with excellent and secure career prospects.

To apply, in the strictest confidence, please write to or telephone Guy Jenkins quoting reference GJ5159.

B & W Financial Services Ltd is a member of the Financial Intermediaries, Managers and Brokers Regulatory Association.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone 01-409 1371

Business Director

Volume Products

to £40,000, high bonus potential, car

Flexible Location

A major operation within one of the world's leading packaging organisations has divided its activities into several key sectors.

A Business Director is sought for the largest sector, a £70M business employing approximately 500 people. Operating from a number of manufacturing units, strategically located within the UK, the company produce a range of products primarily for the major food companies.

Reporting to the Managing Director, responsibilities are for improved bottom line profitability together with developing a new major strategy initiative within this fast moving, highly commercial business.

To meet the specification of this challenging and demanding appointment, you will be aged 30-45 with high level managerial skills and a successful track record in running a manufacturing-based company. You will lead from the front and above all have high commercial acumen. International business exposure is highly desirable, successful UK business experience is a must. A working knowledge of French would be an advantage.

This senior appointment carries an excellent benefits package with opportunities for personal development in both the UK and Europe.

Male or female candidates should send a comprehensive c.v. or telephone for an application form to
Howgate Sable & Partners, Barnett House, 53 Fountain Street, Manchester, M2 2AN.
Telephone: 061-228 6919 quoting reference: (F.T.227C).

Howgate Sable
EXECUTIVE SEARCH AND SELECTION

AFRICAN DEVELOPMENT BANK

VACANCIES

The ADB is a Multilateral Development Bank whose objective is to promote the economic and social development of Africa. The headquarters is in Abidjan Côte d'Ivoire and there are about 1,150 employees. The ABD invites candidates from nationals of its African and non-African member states (Argentina, Austria, Belgium, Brazil, Canada, China (People's Republic), Denmark, Finland, France, Germany (FR), India, Italy, Japan, Korea (Republic), Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, U.A.E., U.K., U.S.A., Yugoslavia) for the following posts:

1. DIRECTOR, COMPUTER SERVICES

The ADB has undertaken a programme to modernise its financial, administrative and operational systems and to substantially expand its office automation facilities. The computer environment includes an IBM 4381 running under OS/MVS, using Datacom/Ideal for new applications and COBOL. There are two Wang VS 7120 systems for office automation. There are 550 work stations of which 200 are micro-computers.

Candidates should have a university degree in computer science or a related field, a minimum of 15 years of progressively responsible ADP experience with at least 5 years at a senior management level. Candidates should have proven competence and experience in the planning, implementation and operation of modern large-scale information systems and telecommunications networks. Candidates must have an excellent knowledge of English or French and should have a good working knowledge of the other.

2. COMPUTER AUDIT OFFICER

The incumbent will be required to evaluate the systems design, programming techniques and operating procedures to promote the operational efficiency and progressing accuracy of the Bank's computer based systems, identify risks inherent in processing transactions by computer, develop appropriate application programmes/packages to assist in evaluation controls, and carry out on the job training for the internal audit staff of the Bank in auditing computer based processing and systems.

The candidates must have a university degree in France or Accounting, and/or possess professional qualifications in accountancy coupled with at least 5 years of relevant and proven experience in auditing computer based processing systems. He/she must be fluent in either English or French, and have a good working knowledge of the other.

3. PURCHASING OFFICER

Under the supervision of the Chief, Supply, Travel and Shipping Division, the incumbent will be responsible for supervising the timely and correctly-priced acquisition of goods, equipment and services in accordance with the needs of the Bank so as to ensure the supply and availability of material resources required for the Bank's internal operations.

The position requires a Masters degree in Business Administration, Commerce, Finance or Law, with a concentration in materials management, and a minimum of five years of working experience in purchasing activities in a large business organization, governmental institution or other organizations similar to the Bank.

The incumbent must be bilingual in French and English, good at public relations, possess negotiating and bargaining skills, tact and diplomacy in dealing with requisitioners and suppliers, and ability to work under pressure.

The ADB offers a competitive tax-free salary package based on qualifications and experience. Benefits include installation and dependencey allowance, life insurance and medical cover, home leave and retirement plan.

Applications with complete curriculum vitae and three references should be submitted by 15 May, 1989 to:

The Director
Human Resources Management Department
African Development Bank
01 B.P. 1387
Abidjan 01
Republic of Côte d'Ivoire

BP OIL

CREDIT MANAGEMENT

MARINE FUELS AND LUBRICANTS
A KEY ROLE IN A GLOBAL BUSINESS

BP Marine, part of BP Oil, is a major supplier of fuels and lubricants to ship operators world-wide.

As part of the small credit management team, your role will be critical to the success of the international business. It will involve assisting in the provision of a credit management service for our marine business. This will include advising sales units and associated companies in the UK and sales agents overseas on the application of credit policy and procedures, following up delinquent accounts and negotiating repayment, and assessing the creditworthiness of existing and prospective customers.

Candidates must have at least five years' experience in Credit Management, ideally with an oil major or a shipping banker. Preference will be given to candidates with an appropriate professional qualification or to members of the Institute of Credit Management. Salary is negotiable and excellent benefits include non-contributory pension and assistance with relocation costs where appropriate.

Please write or telephone for an application form quoting ref: MF001 to: Miss Iris Lawrence, The British Petroleum Company plc, Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 5138.

BP is an equal opportunity employer.

UNIVERSITY OF WARWICK

WARWICK BUSINESS SCHOOL

FINANCIAL OPTIONS RESEARCH CENTRE

Research positions are available in the newly created Financial Options Research Centre, for a period of 2-3 years in the directioo of Professor Stewart Hodges. Up to three positions are available fore researchers to joio a team doiog applied research oo financial options.

Applications are invited from well qualified candidates, preferably with research experience, and skills and knowledge in at least two of the following areas:

stochastic methods, statistics, computer programming/oumerical analysis, or derivative instruments.

Salaries will be oo the Research IA scale: £9865-£15720 or Research II scale: £14500 - £19310 depending on qualifications and experience.

Application forms and further particulars from the Personnel Office, University of Warwick, Coveotry CV4 7AL (0103 523627) quoting Ref No 40/4A/88/67 (please mark clearly on envelope). Closing date for applications 2 June 1989.

AN EQUAL OPPORTUNITIES EMPLOYER

FINANCIAL ACCOUNTANTS (ACA's)

Career opportunities exist for high profile, high calibre ACA's who possess current banking experience for the following postions:

FINANCIAL CONTROLLER

Exceptional calibre ACA aged c35 years with at least six years prime investment or merchant banking experience to assume responsibility for all financial accounting, taxation, systems operations, strategy, product development, etc. Salary neg **c£60,000** plus full benefits package.

HEAD OF INTERNAL AUDIT

An ACA able to "mastermind" this new function, with previous major bank audit experience. Salary to **£40,000** plus banking benefits.

CHIEF ACCOUNTANT

Aged c30 years with at least three years mangement/statutory reporting systems experience (IBM 38 KAPITI). Salary to **£35,000** plus banking benefits.

CHIEF DEALER FOREIGN EXCHANGE

A recent introduction into the London Market who are seeking an experienced Senior FX Dealer with Mangement potential and excellent profit related dealing skills. **High earnings potential.**

BOND SALES/ORIGINATIONS

A major issuing house seeks applications from graduates with proven success to date in both the buy and sell side of bonds. One vacancy exists for a UK originations track record, the others call for fluency in French, Italian, Spanish and in particular German on the sales team. Salary v neg AAE to **£40,000** plus benefits.

LEASING

Several vacancies exist for exceptional sales/marketing experts, aged 25-30 years, graduates preferred. The vacancies axist predominantly in Sales Aid MSP and UK middle-Ticket sectors. Premiums are being paid by prime institutions. Salary v neg **£20-£35,000** plus reward orientated bonus, car, etc.

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 01-588 3991. Fax: 01-588 9012

International Economist

London

ANZ Banking Group is e major internationel banking organisetion employing some 43,000 people in over 40 countries. The Group's Internetionel Economics activity is co-ordineted from London where e vacancy has occurred within the Economics team.

We are seeking e professionel economist with e minimum of three years' relevant experience of providing economic edvice in e business environment, preferebly in en internetionel financial services institution.

The ebility to communicate effectively with non-economists is essentiel, es is e good ecedemic background end the ebility to work under pressure. Foreign lenguege proficiency would be useful, es would experience of less developed countries.

Importent espects of the Department's work ere exchange rete forecesting and money merket enelysis. Other ereas include country risk essessment, longer-renge forecasts for planning purposes, industry end commodity studies, end essisting the Group's merketing programme through the publication of reports and articles.

Remunerelion will be dependent on qualificetions end experience end commensurete with current merket rates. In eddition e benefits package including mortgege facilities, non-contributory pension end preferentiel loans is offered.

Pleese send compreheneive curriculum vitee to Gillien Sullivan, Personnel Officer, ANZ Benk, Minerve House, Montegue Close, London SE1 9DH.

ANZ is en Equel Opportunity Employer.

ANZ Bank

MTN/ECP Origination

This is an ideal opportunity for an outstanding marketing orientated individual to join a professional team which ranks as a market leader in structuring dealer programmes for short-term instruments.

Reporting to the Managing Director, you will be responsible for winning new Euro-Medium Term Note and Euro-Commercial Paper mandates.

For this high profile position the successful candidate will have to demonstrate excellent communication and organisational skills.

Specific experience of marketing these products to issuers may be an advantage; however, candidates with a sound knowledge of the broad range of international capital markets instruments would be of interest. Additional language skills would be valuable.

In view of the importance attached to this position a highly competitive salary package will be offered.

For an initial, confidential discussion please contact Shubha Chawla.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-409 1371

MANAGING DIRECTOR

COMMERCIAL BANK — **NAIROBI**

A major commercial Bank, with several subsidiaries and a network of branches, seeks to recruit a Managing Director. Reporting directly to the Chief Executiva, you will advise and assist in policy formulation in all spheres and exercise day-to-day control of the operations, lending and parsonnel functions within the Group. You will also act as a working Director for various Bank subsidiaries.

Candidates will be fully trained bankers with AIB, University or equivalent academic/professional quelifications. Ideally aged 50-55, you will hava an in-depth knowledge of Commercial Banking (retail and corporate) as well as at least 10 years' senior management level experience. African experience is essential, a knowledge of Kenya highly desirable.

An initial contract of 2 years is envisaged with negotiable renewal upon expiry. An attractive salary and benefits package is offered.

Please reply enclosing career details to:-

David Bates, Bates Tavner Resources, 63 Carter Lane, Ludgate Hill, London EC4V 5DY.

Vice-Chancellor and Principal

The post of Vice-Chancellor and Principal becomes vacant on 1 October 1990 and the University is now seeking an energetic and innovative leader to fill it.

Anyone interested in the post or wishing to suggest names is asked to write to the Chairman of the Selection Committee, Room 111, Wilfred Brown Building, Brunel University, Uxbridge, Middlesex UB8 3PH, or to telephone 0895 74000, extension 2014.

The closing date for applications is 31 May, 1989.

Further information may be had from the Secretary General and Registrar at the above address.

Brunel
THE UNIVERSITY OF WEST LONDON

Appointments Advertising
Appears every Monday
Wednesday & Thursday

MARKETING OFFICER — **£30,000**

Triple A rated International Bank is seeking to appoint a young Marketing Officer to join the International Corporate Banking Division. Aged in your mid-late 20s you will be a high academic achiever with 3-4 years relevant experience from a Merchant or International environment. In addition, sound credit analysis experience is essential together with the excellent presentation and communication skills normally associated with a high profile position. This is a challenging opportunity for a young Marketing Officer to extend his/her experience in a demanding environment.

CORPORATE FINANCE EXECUTIVE — **to £30,000**

Several vacancies exist with major UK and International clients for Corporate Finance Executives. The positions encompass all areas of Acquisition and Asset Finance including M&A, MBO, MBI and LBO and will incorporate deal origination, structuring, negotiation and flotation. Ideal candidates will be recently Qualified Accountants or Solicitors preferably with previous acquisition experience or high calibre graduates with an excellent Corporate Finance background. All the positions offer outstanding prospects in this dynamic and expanding market.

CREDIT ANALYST — **to £23,000**

Top International Bank seeks to recruit a graduate Credit Analyst with marketing potential to join its Business Development team. The successful applicant will have a general banking background, possibly from a Management Trainee scheme, followed by a minimum of one year's Credit Analysis experience. Duties will include research and analysis of both UK and International corporates, along with company visits both at home and abroad. Preference will be given to applicants with a European language.

JOSLIN ROWE
71 Bloomfield St., London EC2. Tel: 01-638 5288. Fax: 01-382 9417
RECRUITMENT CONSULTANTS

DIRECTOR
INTERNATIONAL COFFEE TRADING

A leading New York and London based agri-products trading company seeks a senior trading Director to manage and expand its internatiooal coffee trading business.

The successful candidate will be located io New York and should have solid ioternational trading experience with a good track record in purchasing, selling and posiuoniog physical coffee. Internauonal travel as required by business developments. Some Spanish is desirable.

Excelleot salary, bonus and frioge beoefit package. Please include earnings history when submitting resume. All replies held in confideoce.

Write Box A1228, Financial Times, One Southwark Bridge, London SE1 9HL

NEW TOP EXECUTIVE JOBS

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Telephone us for a confidential meeting which is without charge.

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32 Savile Row, London [illegible] Fax 01-734 [illegible]
22 Suffolk Street, Birmingham B1 1LS 021-643 2924

TRUST OFFICER
MONACO

An international trust group is looking for an experienced Trust Officer for its busy Monaco operation. The position involves the handling of a number of important accounts and requires a high degree of self-motivation together with the ability to deputise for the Manager in his absence.

The successful applicant is likely to be aged 28-35 with good all round experience of trust work possibly gained outside the UK. An appropriate qualification would be an asset. Salary, which is tax-free, will be attractive and commensurate with age and experience. Preliminary interviews will be held in London.

Applications please to:

The Manager, Georgam S A M, 38 Bd des Moulins, BP182 MC98004, MONACO CEDEX

INTERNATIONAL APPOINTMENTS

INTERNATIONAL EXECUTIVE SEARCH

Established & reputable International executive search firm seeks consultants with 5+ years of retainer experience to add additional expertise to NY & London offices. Candidates should should have a proven track record and existing client base in industrial, corporate or financial services. The right candidate will welcome the opportunity to develop in a supportive & professional working environment.

Please send resumes in confidence to
Box A1226 Financial Times, One Southwark Bridge London SE1 9HL

STOCKBROKERS

Registered Representatives

You are looking for high earnings, interested in private client equity sales, and are a registered representative.

But you have no (or very few) clients

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Water company must pay local authority charges

NORTHUMBRIAN WATER AUTHORITY v NEWCASTLE AND GATESHEAD WATER COMPANY AND ANOTHER
Court of Appeal (Lord Donaldson, Master of the Rolls, Lord Justice Neill and Lord Justice Balcombe): May 6, 1989

A WATER authority has wide discretion as to the way it fixes charges for the use of its services, facilities and rights by statutory water companies within its area. And where those charges are combined and are calculated on the basis of total expenditure on water abstraction in the area divided rateably in proportion to each company's anticipated supplies to customers, it is fair and reasonable in view of the authority's duty to supply the area through the companies, that credit should be given to each company for its water abstraction costs.

The Court of Appeal so held when allowing an eppeal by the plaintiff, the Northumbrian Water Authority, from Mr Justice Popplewell's decision that the defendant, Newcastle and Gateshead Water Company, was not liable to pay water charges on the ground that the method by which they were calculated was invalid. The Sunderland and South Shields Water company appeared as intervenor in the appeal.

LORD DONALDSON MR, giving the judgment of the court, said that the Newcastle water company refused to pay water charges demanded by the Northumbrian Water Authority. A writ was issued claiming payment. Mr Justica Popplewell found in favour of Newcastle.

There were three statutory water companies operating within the authority's area, namely the Newcastle, the Sunderland and the Hartlepool water companies.

Under the Water Act 1973 the authority had a dual rola. First, it was a statutory company with limits of supply consisting of the whole of its area less the supply areas of the three companies. Second, it was the area authority with the duty of devising and implementing an overall water strategy, providing back-up services and facilities and, by making abstraction rights available, controlling the abstraction of water.

Section 30(1) of the Act provided that a water authority should have power to fix such charges "for the services performed, facilities provided or rights mada available by" the authority, as it thought fit.

Under subsection (3) it could fix charges by reference to such criteria as appeared appropriate.

Subsection (4) provided that in fixing charges, the authority should have regard to the cost of performing services, providing facilities or making rights available. The authority exercised its right to make combined charges for services, facilities and rights.

Its outgoings fell into two categories: first, its expenditure on providing water to its own customers within its own limits of supply; second, its expenditure as overall area water authority.

Expenditure in the first category was recovered from its own customers. It was the second category which had created the problem. Thet expenditure, emounting to £15.49m, was largely attributable to the Kielder Reservoir Scheme – a scheme to build one of Europe'e largest reservoirs on the North Tyne.

The reservoir was completed in 1982 and had never been used for its intended purpose. It was a very expensive white elephant which had to be paid for.

The stated purpose of the water charges schema was to provide sufficient revenue to balance the authority'e expenditure and to ensure that each of the four public water supply undertakers, Newcastle, Sunderland, Hartlepool and the authority itself, together with private abstractors, bore a fair share of thet expenditure. Newcastle attacked the method by which that result was to be achieved.

The starting point was ascertainment of how much was spent in the area un water resources, by the authority as such or as a water company, by the other water companies, or by private abstractors.

The second stage was to determine tha contribution to be mada by private water abstractors to whom the authority made rights available. That was fixed at a standard rate per cubic metre of weter abstracted. No challenge was made to that charge.

Stage three involved determining something called "abstraction charges" for the authority and for each of the three water companies. They were not in fact charges at all. They were merely a stage in the calculation of the actual charges. They were ascertained by taking the total water abstraction expenditure, deducting revenue from private abstractors, and dividing the balance between the authority and the three water companies in proportion to the amount of water expected to be supplied on a five-year basis within their respective limits of supply.

The final stage involved calculation of the actual charges to be levied. That was achieved by taking the abstraction charge and reducing it by the amount that the authority or water company spent on water abstraction.

The charges were: Newcastle, £3.2m; Sunderland, £1.4m; Hartlepool, £701,858, making a total of £5.39m.

The criticism of the scheme put forward by Newcastle with Sunderland's eupport and accepted by Mr Justice Popplewell, was:

(1) The power in section 30(1) to fix charges was limited to charges "for services performed, facilities supplied or rights made available by" the authority. There could be no charge for services performed or facilities supplied by the water companies.

(2) That power was subject to a further limitation, that the persons chargeable were only those *for whom* the services were performed, facilities provided or rights made available.

(3) None of the services or facilities represented by expenditure on the part of the water companies was performed or supplied by the authority, still less by the authority *for* the companies. They were performed and supplied hy the water companies for their customers.

(4) The specific reference in section 30(4) to having regard to the cost of performing services, providing facilities and making rights available, excluded the water companies' costs from the criteria to be applied.

The purpose of section 30(4) was clear and limited. It was designed to prevent cross-subsidisation by, for example, imposing charges for particular services, facilities or rights, without regard to the relative cost to the authority of supplying the service or facility or making the rights available.

That did not arise in the case of a combined charge. In fact the vast majority of the charges related to the provision of the Kielder reservoir facility.

It was objected that the authority was seeking to charge for services supplied and facilities provided by someone other than itself, ie the companies; and supplied and provided for someone other than the companies upon which it sought to impose the charges, ie the companies' customers.

That simply was not true. The Kielder scheme was a facility provided hy the authority for the companies at an overall cost in excess of £15m. The only question was whether £5.39m was a permissible charge to impose for the provision of that facility and such other facilities as might be supplied hy the authority for the companies.

The authority was criticised for treating the companies' costs as criterie to be taken into consideration when fixing the charges. It did not have to use companies' costs as one of the criteria, but there were at least three justifications for doing so:

(1) Since tha authority had a duty to supply water throughout its area, and was required to discharge that duty through the statutory water companiee, it was only fair that those companies which incurred the greater expenditure in the discharge of that duty should to some extent be relieved of the hurden of the authority's charges.

(2) Taking account of the companies' individual expenditure was a practical epplication of the old and equitable adage thet "heaven helpe them as helps themselves." The objective must be comparable charges to customers throughout the area, and it was therefore only reasonable that there ehould be some abatement of charges to take account of greater expenditure by some companies than others.

(3) The method adopted of hringing into account all expenditure by whomsoever incurred in the common enterprise of eupplying water to Northumbria, dividing it rateahly among the beneficiaries and giving credit for that part of the expenditure incurred hy eacb beneficiary, wae in essence the basis on which maritime general average had been adjusted since the time of the Rhodiane, and was accepted as fair and reasonahle.

The submission that the scheme was invalid was rejected. Mr Justice Popplewell's judgment was set aside.

Judgment for the authority.

For the authority: Michael Rich QC and Rhodri Davies (McKenna & Co).
For the Newcastle company: Leolin Price QC and Charles Morgan (Ingledew Botterell, Newcastle upon Tyne).
For the Sunderland company as intervenor: EWH Christie (Stephenson Harwood).

Rachel Davies
Barrister

CONTRACTS

Mechanical services project

ANDREWS-WEATHERFOIL, the mechanical and electrical building services subsidiary of Powell Duffryn, has won contracts worth over £25m.

The largest contract, worth over £10m, is for the design and installation of the mechanical, electrical, public health and sprinkler services for the Land Securities office development at Salisbury Square, London.

Further projects include the provision of engineering services for an office refurbishment at Aldwych House, London, and for office developments in Oxford Road, Reading, and 163 Bath Road, Slough.

The design and installation of the mechanical, public health and sprinkler services is being undertaken for the shopping centre development at Boscombe, Bournemouth, and a further contract has been secnred to provide heating, ventilation and air-conditioning services for the new domestic terminal at Manchester International Airport.

Supplying electrical connectors

TRONIC ELECTRONIC SERVICES of Ulverston, Cumbria, has won a major contract for the BP Gyda project in Norwegian waters.

Valued at over £500,000 the contract is for explosion proof connectors manufactured in stainless steel for communications and instrumentation cables. Tronic is providing a complete package comprising all electrical connectors, test plugs, mounting plates and installation in the four fabrication yards.

Electric cables are normally pre-installed in the separate modules and then spliced together offshore, a time consuming and expensiva task. The use of suitable long-life connectors, pre-assembled and tested in the fabrication yards, is belived to be a novel approach intended to rednce offshore hook-up time and costs.

Records facility

BULL HN INFORMATION SYSTEMS has won an order worth £2.5m from the House of Fraser Group for a large scale mainframe computer system. A Bull DPS 90 mainframe has been purchased to provide a central database system for House of Fraser stores at the company's information systems centre.

TECHNOLOGY

Insurance retailers embrace networks

DIGITAL Eqnipment, the world's largest manufacturer of minicomputers, is entering the UK market for computer-based networks over which insurance companies and their intermediaries can carry out transactions.

Digital's main competitors in the market are British Telecom Insurance Services (BTIS) and Istel, the communications services group. IBM, the computer maker, also entered the market last October.

The aim of the four companies is to make the computer terminal as nbiquitous in the retail insurance industry as it is in the retail travel sector. In both applications, terminals in retail outlets are connected to the travel or insurance company's central computer over a private telephone network.

The main components of Digital's service, called FIS (Financial Information Service), are access to up-to-the-minute informstion from insurance companies on investment, pensions, mortgages, savings and life assurance, and the ability to display s full qnotation on screen and then complete a transaction over the network.

Although Istel has been offering insurance services over its network since 1985 and BTIS since 1987, both acknowledge that only a few pockets of the market are saturated, such as that for endowment quotations. "The transaction side is particularly underdeveloped," says Colin Jones, general manager of BTIS. "And in sectors such as motor and household insurance we're only just beginning."

The BTIS service is used by abont 14,000 intermediaries and the aim is to get 30,000 users, says Jones. Istel prefers to classify its success in the number of quotations which pass over the network – 1m a month, according to Phil Coathup, director of business development.

Many companies, especially tbe large intermediaries, use more than one network. "In the early days some took all three services and then decided wbetber to drop one or two of them," says Coathup.

Della Bradshaw

Finding letters for the book of man

Clive Cookson describes a genetic quest that could transform the treatment of disease

Scientists have started the largest international project in the history of hlological research – to map and identify all human genes. The resulting "book of man" may provide the basis for preventing or treating most human disease in the next century.

The aim of ths Human Genome Project is to identify the estimated 100,000 genes which specify everyone's individual characteristics, from hair and eye colour to susceptibility to disease. As the name implies – genome means all genetic material – the project involves locating every gene on the 23 pairs of human chromosomes, and discovering the precise chemical sequence of the DNA – the molecule that makes up the genes.

Although individual laboratories have been working for several years to identify genes, only a few hundred have been found and sequenced so far – hence the expanded international programme. Co-ordinated by the Human Genome Mapping Organisation (Hugo), it already involves 220 research groups in 23 countries.

Hugo does not have a formal timetable or budget for the project. But according to one estimate it will take 15 years and cost $3bn. The US Government has committed about $50m (£30m) to human genome research this year and may spend twice as mnch next year. The UK Medical Research Council is spending £11m over three years.

"The whole of medicine will eventually be based on what the human genome project does," says Sir Walter Bodmer, director of the Imperial Cancer Research Fund and a Hugo vice president.

The disorders which cause most of the ill health and early deaths in modern industrialised society – heart disease, many forms of cancer, mental illnesses such as schizophrenia and auto-immune disorders such as arthritis – have a significant genetic component. They arise from a complex interaction between genes and environmental factors.

Already, hy working in a largely piecemeal fashion, molecular biologists and geneticlsts have pinpointed ths cause of several simple inherited diseases, each of which results from a single defect in one gene.

In families known to be at risk from these diseases, doctors can now test women in about the eighth week of pregnancy (by removing a tiny sample of foetal tissue known as a chorionic villus) and offer an abortion if the defect is present. In London, for example, there has been a big reduction in the number of babies born with thalassaemia (a serious blood disorder which particularly affects people of Mediterranean origin) since King's College Hospital started a thalassaemia screening service for Cypriot families.

Antenatal screening followed by abortion is not, however, a serious option for such disorders as heart disease, cancer and mental illness. Apart from any ethical considerations, their origins are too complex to allow such a clear-cut early diagnosis to be made.

But if the project is successful, it will be possible to give every new-born baby a full DNA profile, accompanied by specific advice on how to reduce the risks of developing the diseases to which he or she is susceptible. More important, knowing the full genstic causes of diseases will help medical researchers find effective treatments for them.

Withont donht, ethical debate will bedevil some potential uses of genetic information about individuals. For example, should employers hs allowed to test employees' genetic susceptibility to occupational diseases? Should insurance companies ask clients to be tested for susceptibility to heart disease?

Some opponents of genetic engineering claim that information gained through the human genome project could be abused more seriously – possibly providing the basis for a neo-Nazi eugenics programme. These fears are, perhaps understandably, voiced most strongly in West Germany; objections from some German members of the European Parliament have held up a proposed £10m EC contribution to human genome research. Manfredo Macioti, chief adviser to the EC science commissioner, says that the EC programms is being revised to inclnde more safeguards against unethical use of the research.

Sir Walter Bodmer points out, however, that Hugo's charter requires it to examine the ethical implications of its work. "As someone whose family fled from the Nazis, I particularly object to the German Greens saying that this is a route to Nazi-style eugenics."

The human genome consists of 3bn chemical beads twisted into the famous double helix of the DNA molecule. There are four types of bead, known scientifically as bases. They are the four chemical letters of the genetic code (A, G, T and C) discovered by James Watson and Francis Crick in 1953. (Watson is one of the leaders of ths human genome project in the US.)

Biologists began systematically to work out the DNA sequence of individual genes in the 1970s, following a technique developed by Fred Sanger of the MRC Laboratory of Molecular Biology in Cambridge. Then it took a skilled scientist more than a year to find the sequence of a typical gene containing 100,000 bases.

At that rate, the human genome project would have taken centuries to complete. Even ths faster mannal seqnencing methods introduced during the 1980s are far too slow.

The antomation of DNA sequencing has been led by two US companies, Du Pont and Applied Biosystems. Each markets s machine, for about $100,000, which antomates part of the process. Ed Chait, Du Pont's molecular genetics sales manager, expects that the two companies will sell about 300 DNA sequencers world-wide this year.

But Chait admits that these first-generation machines are far from adequate for the human genome project. "They can handle 8,000 to 10,000 bases per day running flat out, and 5,000 is probably more realistic in a normal laboratory. For the human genome project we're looking for a million bases per day." He says that speeding up to this rate "is an engineering problem, not a problem of fundamental science. If the funding is there, it could be accomplished within a five-year time-scale."

In Japan, a consortium of medical equipment manufacturers is working on DNA sequencing technology, under the Ministry of International Trads and Industry (Miti). However, genetics experts from the US and Europe, who have visited Japan, say that the programme has run into unexpected technical problems and fallen behind schedule.

The leading European supplier of genetic seqnencing equipment is Amersham International of the UK. With the MRC Laboratory of Molecular Biology, the company has developed a £30,000 machine called Autoreader which automates another important part of the sequencing process.

Amersham is also in the early stages of an Anglo-French project, Labimat, which aims to automate all the repetitive work now done manually in molecular biology laboratories. Its partners in the project – part of the Eureka programme of European technological co-operation – are the Imperial Cancer Research Fund in London, the Centre for the Study of Human Polymorphism in Paris and Bertain, a French robotics company.

Full antomation of gene mapping and sequencing will require new technology both at the "front end" (chopping up the DNA into individual genes, cloning these and preparing them for sequencing) and at the "back end" (interpreting the results of sequencing).

An important development at the front end has come from Cetus, the Californian biotechnology company. Its technique, known officially as polymerase chain reaction (PCR) and unofficially as gene amplification, enables scientists to make unlimited copies or clones of a piece of DNA very quickly in a test-tube.

Progress at the back end depends on faster information processing. An important figure in this is Leroy Hood, of the California Institute of Technology, who last month announced the Fast Data Finder – an array of computer chips developed with two Californian companies, TRW and Applied Biosystems. It will be programmed to scan the chemical letters of DNA sequenced by the human genome project and to detect patterns which might give a clue to their genetic functions.

Scientists will need all the help they can get from computers not only to read the 3bn letters of the book of man but also to understand the full meaning of the words.

France addresses a problem of handwriting

The French mail system is about to take a step forward as a prototype optical reader starts to decipher handwritten postal codes in the Paris suburb of Bobigny. It should pick out the necessary information from jumbled addresses.

"Our objective is an overall reading rate for addresses of 75 per cent, compared with about 50 per cent at present," says Jean-Claude Burbaud, head of technical research for the French postal service.

Only 30 per cent of the 8bn letters a year sent through the French postal system have handwritten addresses, but this helps to keep manual sorting costs high. At the moment, most of the mail processed automatically is under contract with banks, insurers and other large companies, which respect La Poste address norms in return for a discount on rates. Current recognition devices cannot read handwriting, nor can they improvise. One line out of place and they are lost.

The postal service does not yet aspire to 100 per cent success. "Perfection would be far too expensive," says Michel Bordes, chief telecommunications engineer.

Apart from being unable to unjumble typed addresses, the traditional "mask" technique cannot cope with the multitude of forms and styles that the human hand produces. Even the new system will be hard pressed to distinguish joined-up characters. This may lead La Poste to recommend that boxes are printed on envelopes to separate postal code numbers.

Preliminary code-reading tests with the latest prototype – taking in 5,000 letters and 2,500 sets of handwriting, sometimes barely legible – gave a success rate of almost 75 per cent and reading errors of about 2.5 per cent. "Our objective is to bring the error rate down to 1 per cent," says Bordes.

The system, built by CGA-HBS, part of the French electronics group Compagnie Générale d'Electricité, has a 128 mm vertical field of vision, double the present capacity. This means five lines of an address can be processed, instead of two.

The readers are equipped with two parallel recognition algorithms, one descriptive and the other based on linear classification. The image is first binarised by the Sybilis system, designed to take handwriting into account, and operates at a rate of 13 letters per second.

The 32-bit processor is supplied by Inmos, of the UK. The system, known as Prisme, uses Inmos's Transputer electronic circuits and has a calculating capacity of 50 millions of instructions per second (Mips) for the postal codes and 200 Mips for four-line addresses.

The aim is to double the number of optical readers in French sorting offices by 1995. The unit cost should fall from up to FFr 5m (£470,000) to just over FFr 2m, according to Burbaud. Work is also in progress on an optical reader for cheques, but that has much further to go.

Barbara Casassus

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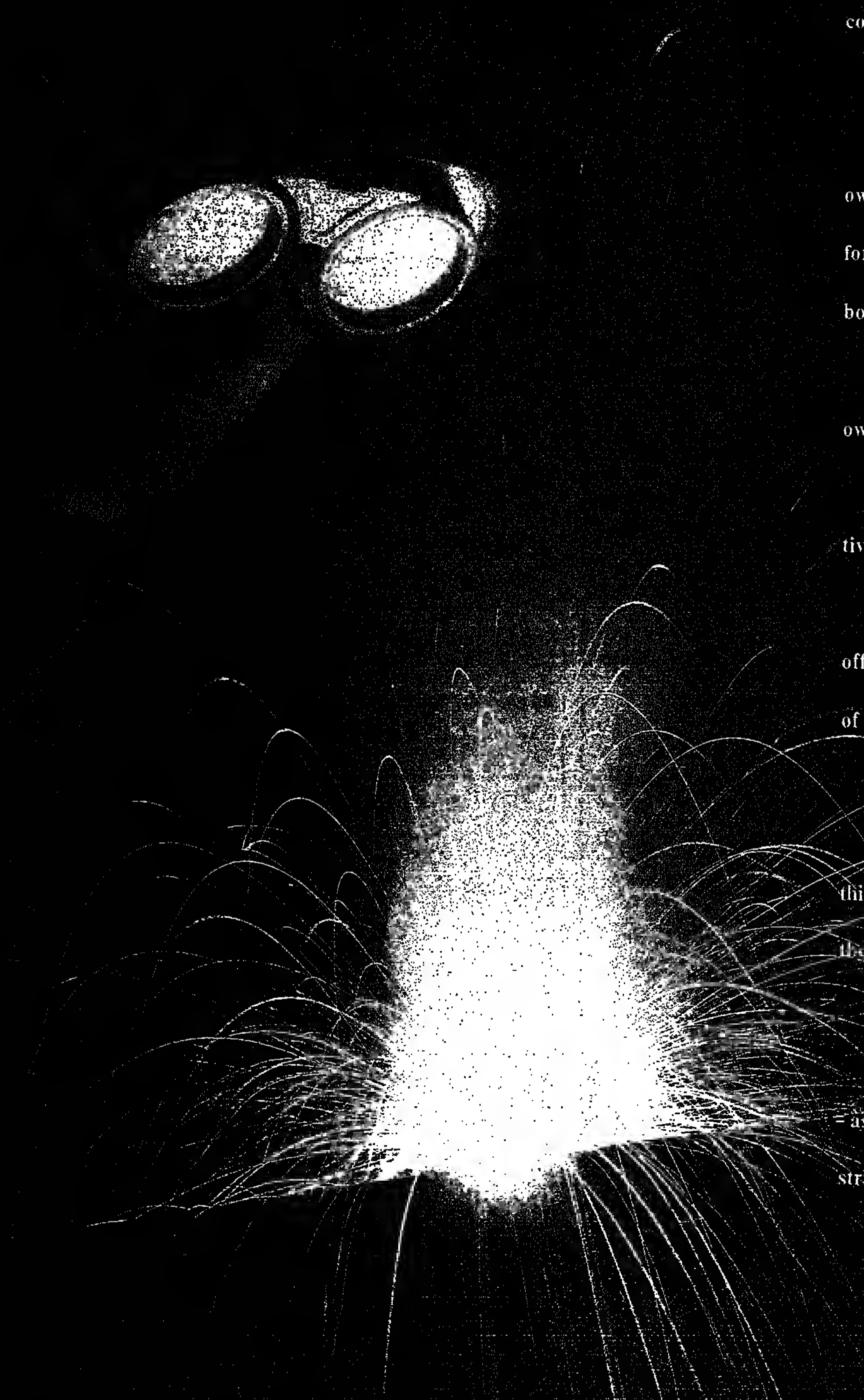
HE WANTED SOMEONE FAST, INNOVATIVE AND ON THEIR METTLE



When Eddie Boss was ready to run his own show, he looked at several venture capital companies.

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First, Phildrew took the company on to its own books – the 'bought deal' element.

Then Eddie Boss was appointed chief executive – the 'buy-in' part.

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Only then did we syndicate the deal.

Other venture capital companies might think this kind of thing just too risky. Particularly when the total funding required was £68 million.

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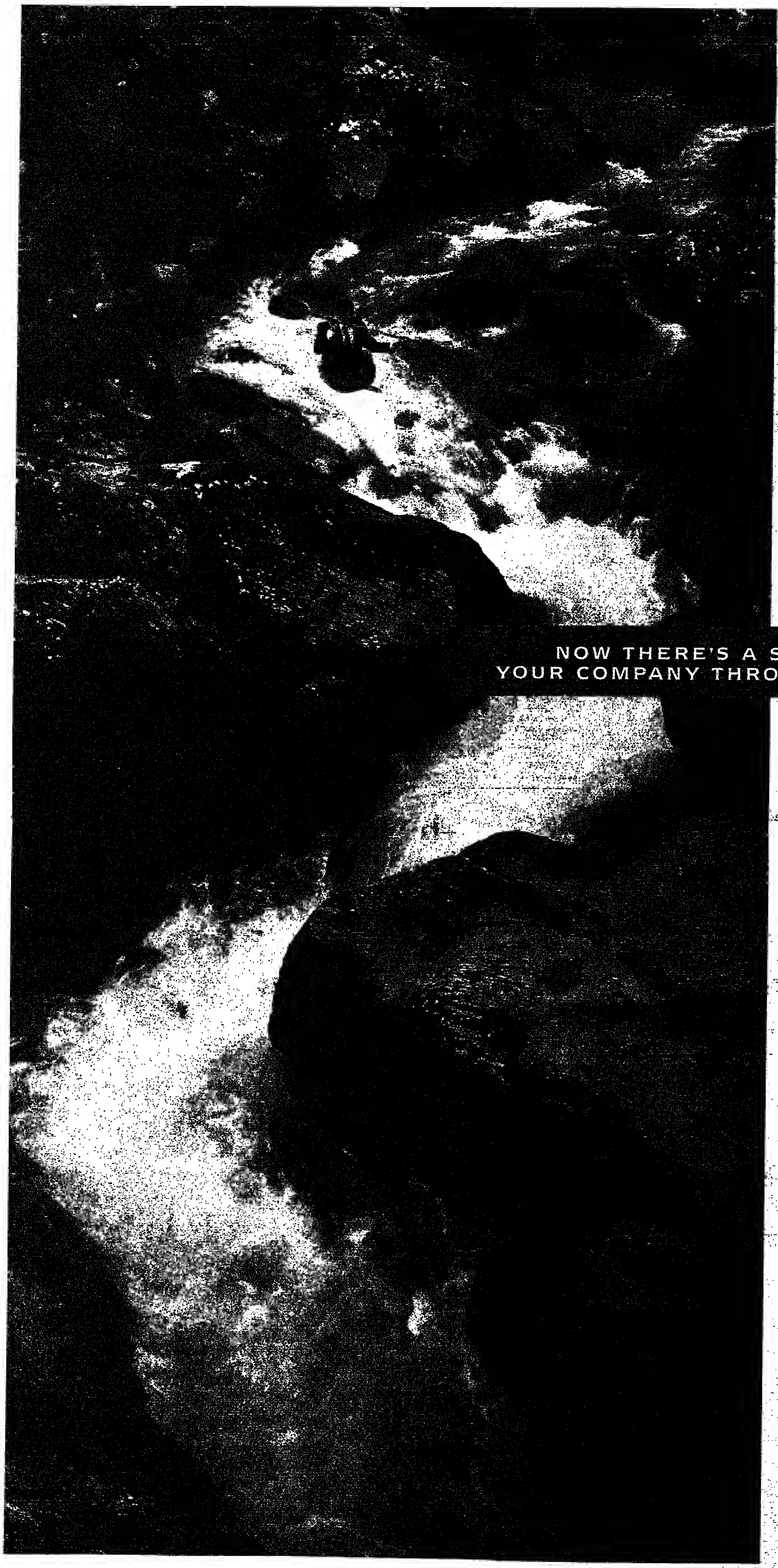

The early years have always been the most treacherous for a business.

Today, however, they can be positively lethal.

Fluctuating interest rates, for example, directly affect the ability of many companies to pay their bills.

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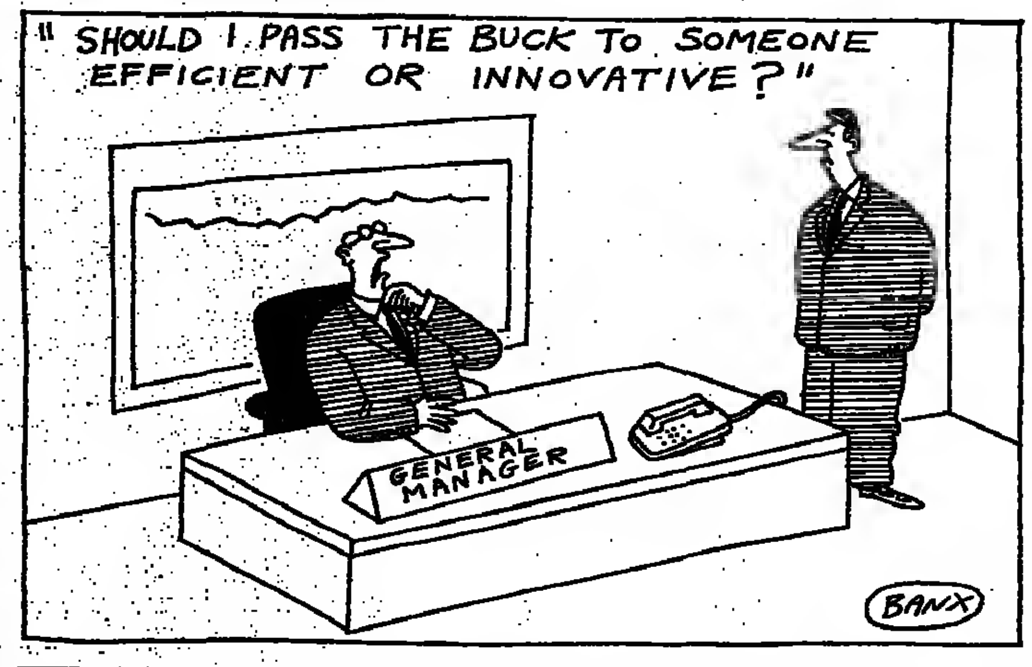
MANAGEMENT

The very model of a mythical manager

Michael Dixon wonders whether the generalist ever existed



The signs are that unicorns, dragons and the like will soon be joined on the list of mythical beasts by a modern equivalent: the general manager. This poor creature is defined as someone competent to run an organisation of whatever sort regardless of its circumstances.

Although plenty of people bear the title, scholarly researchers and headhunters alike are hard-pressed to find anyone who matches the definition. Take, for instance, Professor John Kotter of Harvard Business School who, after studying so-called general managers in nine corporations, reported that almost all were in fact not just specialised but narrowly so. "They have an unusual set of personal characteristics that closely fit the specific demands of the contexts in which they work."*

Ironically, omnicompetent managers are turning out to be mythical at a time when they have never been more needed. Today, change is taking place not only more quickly, but in unforeseeable directions, and thus varying as well as quickening the processes needed to cope with it. In many cases, the fitness of businesses to survive will probably depend on their having management capabilities to fit the demands of rapidly shifting contexts of work.

Such changes could well overwhelm even the minority of companies which, having twigged that truly general managers are as rare as hippogriffs, try to work on the "horses for courses" principle.

Examples include the 150 international businesses contributing to the research programme run jointly by Michigan University's management school, the Hay consultancy and the Strategic Planning Institute, under the name of the Organisation and Strategy Information Service.

The findings show that business success, as measured by return on investment, is strongly linked with a particular pattern of executive employment.

The operations with a high return tend to be those which change their managements by recruiting outsiders to important positions at both the early and late stages — the growth and decline phases — of the life-cycle of the company's main product. During the mature stage between, however, the successful businesses maintain managerial continuity by filling vacant executive posts by internal promotion.

The researchers think the explanation lies in the different demands imposed by the phases. In growth and in decline, emphasis tends to be on doing different things from those done by competitors, which puts a premium on fresh ideas and approaches.

A management is more likely to be open to them when the balance of power is held by executives not brought up in the company's established practices and political ethics. In the mature stage, when the emphasis is on doing the same things more efficiently, the balance is better held by executives deeply familiar with the detailed ways in which their plant and workers and customers operate.

But other studies indicate that what distinguishes the two sets of balance-holders is not simply that the outsiders' experience and ideas are broader than those of the insiders. There is much evidence — for example, in the work of the psychologist Jung — that managers who thrive when the prime need is for innovation are different in personality from those successful when efficiency is the key.

Even so, in theory, it should be easy for companies to adopt the horses for courses principle. All they need to do is identify impending shifts in their product life-cycles, and with the aid of personality tests alternately replace a decisive number of managers of the innovative type with the efficient type, and vice versa.

The trouble is that the theory takes no account of the changing conditions in which companies have to operate.

One stumbling block is that the steps to establish a single European market after 1992 are likely to join with advances in technology to make orderly product life-cycles with clearly identifiable stages a thing of the past. There is no reason why Europe should be a market uniformly preferring relatively inexpensive products of standard kinds. It may equally well be a hotchpotch of separate markets each preferring higher-priced goods tailored to its specific wants. Another probability is a varying mixture of both, with the same product at different stages of the cycle in different places.

A second obstacle is that, as a result of the diminishing young populations of countries such as West Germany, Britain and France, capable executives of any personality type could well be in too short supply for companies to make changes in their managements' balance of strengths. No matter how much and frequently the sorts of work required of their managers may change, businesses are likely to have to make do with much the same mix of executive abilities that they had before.

The problem, of course, is how.

"There's no doubt that a lot of top executives will need to look closely at their organisations," says Marcus Alexander, a director of the GAH management consultancy set up two years ago by former members of McKinsey and the Boston Consulting Group.

"Left to themselves, both of the personality types can hamper performance. When the company's strategic need is for efficiency, managers with an innovative disposition will tend to waste resources. When the need is for new developments, the efficiency merchants will waste opportunities.

"The tendency in organisations is that, over time, one type or the other gets the upper hand and cements in systems of control that enforce its own preferred methods. So when the strategic need changes, even if top management spots it and works out and hands down a fresh policy, the control system keeps on pushing the company in the old direction."

If businesses are to be agile enough to cope with the likely changes, Alexander thinks, they need to engineer their control system so that it both prompts innovative managers to be efficent with resources and efficient managers to pursue new opportunities. Fortunately, only a few people of either type are imprisoned in it to the extent that they are unable to work in the other way.

"But they're most unlikely to do so unless the system makes them. After all, that's what controls exist for: to modify people's habitual behaviour."

The traditional kind of controls, whose modifying object is to restrain, will remain indispensable for keeping innovative types awake to the importance of efficiency. An illustration is the setting of crystal clear targets for the reduction of capital employed in the manager's unit.

By contrast, the measures needed to produce innovative approaches from devotees of efficiency will themselves need to be innovative. The GAH director terms them "inspirational controls". For example, instead of requiring executives to justify in detail their decisions to get new capital equipment for their operation, certain Scandinavian concerns now require them to justify their decisions to keep old equipment.

To serve as a bridge between restraining controls aimed at innovative dispositions and inspirational measures focused on the efficient counterparts, there can also be supportive controls which simultaneously steer both types' behaviour in the desired directions. For instance, in several companies, managers are regularly handed lists of leads to potential clients and required to report what has been done to secure their custom.

The decision to establish such a three-strand control system is inevitably somewhat pessimistic since it acknowledges that some of a company's executives will always pull in different directions, rather than all together in the manner of truly general managers. But given the evidence that they are mythical, businesses which go on acting as though they existed are surely in danger of becoming extinct.

* *General managers are not generalists. Organizational Dynamics, 1982, 10 (4).*

UK employee training

Will local needs be met?

Charles Leadbeater examines an analysis of government plans

Civil servants at the Department of Employment are filtering the first bids from teams of UK business leaders keen to set up Training and Enterprise Councils.

Employers have responded enthusiastically to the Government's plans to devolve responsibility for designing training programmes to the employer-led councils, according to Alan Bartlett, director of education and training at the Association of British Chambers of Commerce.

The filtering of the bids will be seen by many employers as a key test of whether the Department will encourage their enthusiasm or dampen it down beneath the rules, regulations and paper work of civil service bureaucracy.

The Government hopes to set up about 80 councils over the next four years. They will be led by a board of directors mainly made up of leading private sector employers. The councils will become subcontractors of the Department of Employment's Training Agency. They will be provided with an annual budget of about £25m to run programmes such as employment training for unemployed adults and the Youth Training Scheme.

The introduction of private sector leadership and management is intended to ensure that the programmes are more closely tailored to local business needs. The prospectus for the councils talks optimistically about the flexibility they will have to redesign programmes.

All relatively straightforward. But will the councils be anything more than a privatisation of the senior management of area offices of the Training Agency ?

According to a detailed analysis by academics at the London School of Economics, the councils will have to overcome a series of obstacles to fulfill the Government's aims. If TECs fail they could become merely a private sector head for a civil service body, with real decision-making remaining within the employment department.

The LSE report is based on comparisons with private industry councils in the US and chambers of commerce in West Germany, which were both models for the TEC proposals. The report says the councils are an important innovation which could ensure a closer fit between the commercial culture of business and the public service culture of training programmes for the unemployed; but it warns that pitfalls lie ahead.

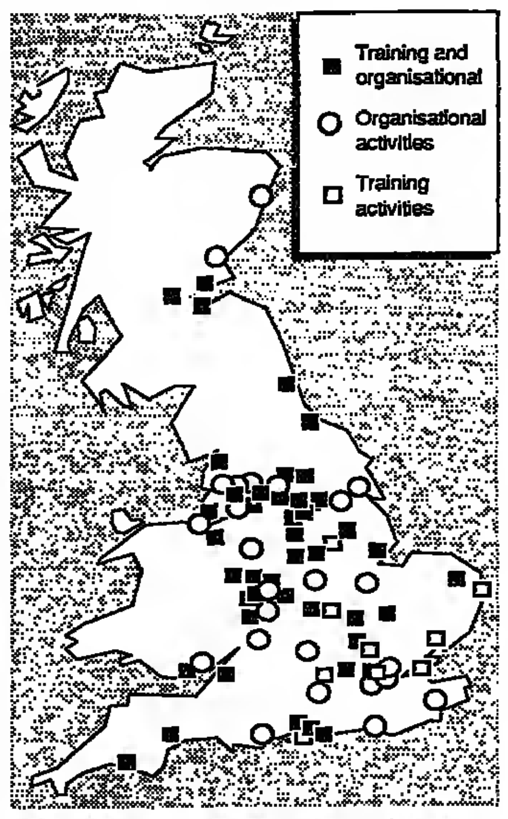
TECs should encourage employers to develop a common approach to training. But in part they will depend on existing organisations such as Chambers of Commerce, or local employer networks to provide the foundations.

Yet in some areas there are no chambers of commerce and in others they are not involved in training. Thus there could be significant gaps, particularly in most rural areas.

But the problems facing the TEC programme are not confined to coverage.

The Government must provide the councils with enough discretion to set local training targets and standards and to hire and fire staff. The councils' flexibility will be limited as the majority of staff will be civil servants, they will have little money to hire outside staff, and they are likely to have to use national rather than local performance targets to assess the effectiveness of their programmes.

The TEC prospectus says employers will be free to raise private finance to hire staff and develop special training programmes. Yet even the most successful private industry councils have only managed to raise about 8 per cent of their budgets from industry.



Chambers of Commerce in the UK offer help in varying degrees; since they will provide the foundations of Training and Enterprise Councils significant gaps will clearly arise

The report also questions whether the Government has thought clearly enough about which employers will serve on the TEC boards and what will motivate them. "Business leadership has nothing to do with company size. The TEC prospectus is insufficiently clear on the concepts and criteria to be used in vetting membership," it says.

The report recommends that the insistence that TECs should be led by the private sector should be relaxed to allow some local authorities to play a leading role.

Finally, says the report, it is likely the TECs will fail to keep the attention of business leaders unless they develop their role well beyond training. Partly for this reason it advises the Government in the long term to consider changing the councils' legal status to compel them to have a representative membership and to give them the power to raise revenue from business.

TECs and Vocational Education and Training, The Practical Requirements, by Robert Bennett, Andrew McCoshan and John Sellgren, Department of Geography, London School of Economics, Houghton Street, London WC1.

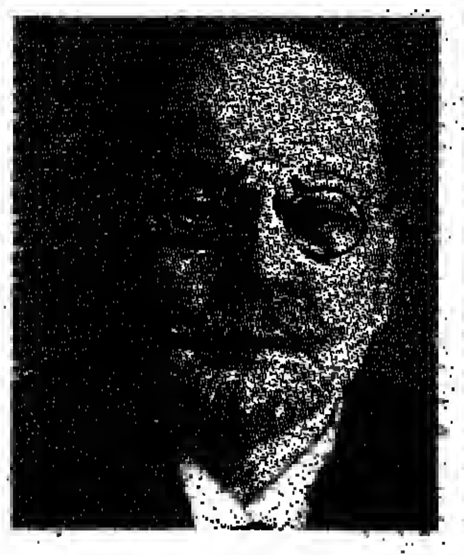
"It is personalities, not principles that move the age."

Oscar Wilde

Gottlieb Daimler (1834–1900)
Inventor of the automobile

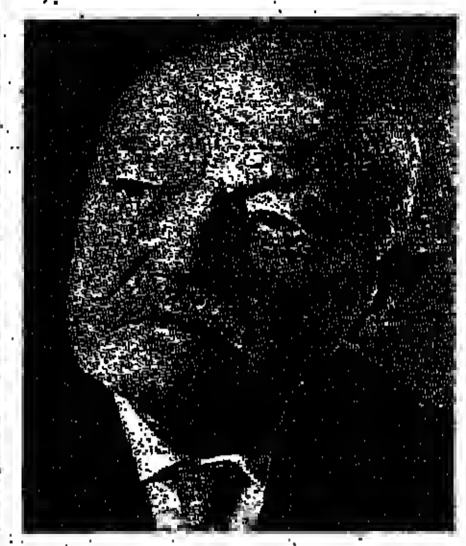
Karl Benz (1844–1929)
Inventor of the automobile

Berta Benz (1849–1944)
The first woman behind the wheel



Emil Rathenau (1838–1915)
Electrical entrepreneur and founder of AEG

Karl Maybach (1879–1960)
Designer of lightweight, high-performance engines.



Claude Dornier (1884–1969)
Pioneer in aviation and aerospace

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ARTS

TELEVISION

Different slice of life

The drowning of the words in television drama by other sounds has gone beyond a joke. These days entire swathes of script are rendered inaudible by a combination of three factors: first poor diction by actors, secondly dialogue recorded at a very low level, and thirdly music and sound effects mixed in at a very high level. Elderly people, who represent an ever growing proportion of the audience, find this particularly difficult, but you did not need to be elderly to have difficulty, for instance, with a recent "Play On One" called *Biting The Hands*.

Prodncer Norman McCandlisb and director Carol Wilks chose to throw at us simultaneously pop music, a drunk talking, and a girl on a telephone, so that none was comprehensible. In the opening episode of *Take Me Home*, produced by David Snodin and directed by Jane Howell, even those of us with abnormally good hearing were lucky to catch one word in three during some sections because Keith Barron was allowed to mutter, and sound effects were mixed in at a ludicrously high level. Similarly in the first episode of *Shalom Salaam*, produced by Chris Parr, dialogue and music was arranged in such a way as to ruin both.

Perhaps this mixing of materials makes producers and directors feel terribly "creative," and no doubt they catch the habit from one another. But it is time a few editors and executive producers began stamping on it since it is very silly and deeply irritating for the audience.

*

In other respects *Shalom Salaam* is proving more rewarding than might have been feared from the opening three quarters of the first episode. That looked threateningly like one of those dramas used by the Open University to illustrate case studies for sociologists. Though nobody actually carried a placard saying "Third generation Jewish immigrant: rich, rebellious, but less religious than parents and much less so than grandparents" or "Second generation Asian immigrant, confused by combination of Eastern and Western values," they might just as well have done. There was a strong feeling that the primary purpose was not dramatic but didactic.

However, by the end of the second episode all the dynamics of soap opera (or, to be fair, a Shakespeare play) were exerting themselves and you really wanted to know what would happen next: would Shehnaaz make a go of her home-based and, presumably, illegal factory; would Jackie have the baby; would Mumtaz eventually rebel against Muslim laws; would the Asian textila workers strike against their Jewish bosses? Some of the answers should be revealed at 9.30 tonight, and however exasperatingly pedagogic the plot, the acting is of a consistently high standard.

*

As for *Take Me Home*, it paints a picture of life in a new town which sustains the depressing views of such places given in previous films and novels — the soulless shopping centres, undifferentiated architecture, and of course rain — but its portrait of a love affair may turn out to be different. Of course it may not: there was strong hint of women's magazine fiction in the introduction to the bored middle aged cab driver, played by Barron, and the romantic young wife Kathy, played by Maggie O'Neill. But there was also something in Tony Marchant's writing when the couple actually began to fall for each other which suggested there may be a rather sharper eye (and ear) at work here than is usual in "women's" stories of this sort.

*

After a bout of near hysteria in British commercial television following the publication of the Government'a White Paper on "Broadcasting In The Nineties" we seem to hava entered a period of equally injndicious placidity. At first the attitude among many in ITV seemed to be that all was lost because of the idea of selling franchises to the highest bidder. Now that the notion of "programma quality hurdles" for bidders has been introduced, and the assurance made that the ITV authority would not necessarily have to accept the highest bid, an unearthly calm has descended.

But how much do these quality hurdles really mean? Suppose you are a rich communications company wanting to acquire an ITV franchise; will you bid at the franchise auction? Why should you? After all, your bid might be higher than necessary and since the anthority's power to block takeovers is being removed it would seem to make better sense to wait on the sidelines until the franchise is allocated and then make a dawn raid. What price then tha programme quality hurdles?

On takeovers the White Paper states "Those huying into companies will have to satisfy the proposed programming tests and the ownership rules" but while it is easy to make such an assertion in a planning document, enforcement is something else. The two requirements — that ITV franchise bidders should jump quality hurdles (i.e. be subject to state regulation), and that ITV companies should be open to takeover in the marketplace like any other (i.e. not be subject to state regulation) — are surely irreconcilable.

*

Television is often the first mass medium to bring foreign news stories to our attention: it is fairly efficient at saying *what* happened. Bnt for the why and how, most people look to newspapers and magazines. The printed media are still unmatched at conveying the political, intellectual and social atmosphere of foreign countries, and it is rare for television to be first in telling the public about such matters as changes in South African attitudes to apartheid, or the coming of glasnost and perestroika under Mr Gorbachev.

Channel 4's *Reid About Poland* was, consequently, particularly remarkable since it was the first medium to convey (to me, anyway, and I do read about Poland in the daily and Sunday broadsheets and in weekly magazines) the current nature of the relationship between Solidarity and the government, and between Lech Walesa and other trade unionists.

Reporters are now very unfashionabla in current affairs programmes. Producers, who feel themselves to be television's true professionals, resent the fame and fortune they see accruing to people they often regard as figureheads. Yet it is unusual for a programme without a reporter to communicate as much as one of James Cameron's or James Mossman's. So it was encouraging to find producer/director Ross Wilson working, seemingly, so well with Reid, former leader of the Clyde shipworkers. Seeing Reid offer his interpretation of events in Poland, informed by his own background in politics, one recalled how effective foreign current affairs programmes can be.

*

Without going starry eyed it ought to be said that several of the programmes among the avalanche marking Mrs Thatcher'a 10th anniversary in power were quite nasty. None, unfortunately, had the sharpness of *That Was The Week* at its best, nor the surrealist vividness of *Monty Python*. Bnt *Spitting Image* touched all the questionable bases — Parkinson, Keays, Proctor, Archer, Ingham (and, incidentally, introduced a particularly useful symbol of British centre party politics in the form of a Pushmi-pullyu with the faces of Owen and Ashdown). And in *Rory Bremner*, the best stand-np comedy on Britisb television at present, Steva Nallon proved yet again that his Thatcher is wickedly like the real thing.

Being nasty about politicians has always been one of the functions of the fourth estate: anyone wanting power over us is potentially dangerous, and ridicule helps keep a sense of proportion. However, such programmes are particularly significant now when there is so much anxiety about this particular government's attempts to manacle and stifle the hroadcasters.

Among the more serious programmes *Thatcher's Children* on BBC1 proved that common sense serves you as well or better than statistics, and London Weekend's ponderous "trial" of Thatcherite economics — *Miracle or Mirage?* — proved that statistics mean merely what the speaker wants them to mean. The best of the serious programmes was the Channel 4 series *The Thatcher Factor* which, in its four parts, gave a clear idea of what Thatcherism has meant so far.

Christopher Dunkley

Toby Rolt and Mumtaz Sattar in "Shalom Salaam"

Turandot

COVENT GARDEN

The delight at visiting this fictional China, of romantic moon-lit nights and cruel festivities, does not diminisb. Andrei Serhan's production of *Turandot* is one of the finest that the Royal Opera bas mounted in the 1980s and it will be welcome in revivals so long as there are singers to fill the parts.

The producer's achievement has been to conjure a new world for the opera. Away went the hollow glitz that has served so many *Turandots* in the past, and in its place he has evoked a land of repression, where feelings of love and suffering are conditioned hy rites passed down through the centuries — a staging at once so strong and so beantiful that tba opera works first as a drama and only second as an opportunity for vocal display.

This is perhaps fortunate, as after the revivals over the last five years it seems the supply of grand, Puccini singers has been nearly exhansted. The American soprano Olivia Stapp is well known on the continent and was a most successful Lady Macbeth in Berlin, but the role of Turandot is taxing in a different way. The strained tone and endless gulps for breath told of a voice being stretched to its limits, and often beyond.

As Liù, Yvonne Kenny sang with a purity of tone and poise (beautifully floated top notes) that were lovely as far as they went, hut one looks back enviously at the 1960s when the role was sung hy a Tebaldi or a Vishnevskaya. Among the other parts Willard White was a gravel-voiced Timur and Anthony Micbaels-Moore a notahly fine Ping in Serban'a *commedia dell-arte* trio.

Otherwise tha best impression of the evening was made hy the new Calaf, Lando Bartolini. Although the singer's age was not given in the programme, it is clear from his biography that he is an experienced artist and his singing was tbat of a technician wbo is thoroughly sure of his instrument, a strong and cleanly-produced Italian tenor. Not much finesse perhaps, hut there was a welcome absence of vulgarity.

Given the volume of sound emanating from the pit, that was in itself a restraint to be applauded. Stephen Barlow, in his Royal Opera debut, did not stint the violence of the orchestral writing, with beating side-drums and pounding ostinato figures continually to tbe fore. A savage and dramatic *Turandot* is hy no means a wrong-headed one, hut how much more skilfully in this same production Serhan wields the cruel side of Puccini.

Richard Fairman

Alastair Muir

Anthony Michaels-Moore as Ping

A Tale of Two Cities

CITIZENS THEATRE, GLASGOW

The sun has shone on Glasgow, too, this week, for the opening of the seventh Mayfest, now well established as our island's second biggest arts festival. Box office receipts stood at £250,000 at the weekend, well on the way to the target figure of £400,000 in the total cost of £1m. Glasgow District Council gives £300,000 this year, the Strathclyde Region £60,000, the Scottish Arts Council £44,000.

Visible signs of Mayfest, apart from a tangible sense of jollity abroad, include George Wylie's extraordinary paper boat moored on the Clyde opposite the Renfrew Ferry, itself a festival hub of stand-up comics and pleasant quaffing.

The nautical theme continues at the Citizens', where a ten-year renovation plan has been completed with an ocean-going all-white post-Modernist foyer, the original Victorian statuary magnificently restored in the glass frontage. There are even a couple of port-holes, and, I dare say, the odd cry of "Hello, sailor!"

This new frontage, costing about £800,000, has been funded by the Scottish Development Agency and planned to complement the neighbouring commercial development in the Gorbals. The full impact is not yet clear, but the yellow bricks are slightly worrying. Inside, an airy impersonal spaciousness has replaced the warm red hubbub, and the new bars are characterless.

Bnt the main thing is the confident retention of a theatre building that was falling apart at the end of the 1960s and was nearly abandoned in favour of a "cultural complex" in the following decade. The jewel of an auditorium is unscathed, though comfortable new red seats have been installed and the red and green paintwork obscured beneath a new coat of mottled gold leaf, all part of a £250,000 refurbishment undertaken by the Citizens' themselves.

I rather like the brash vulgarity of all this; the Citizens' have never been known for timidity. Dozens of naked light bulbs banish any residual hint of discretion. The new look has been immediately incorporated by Philip Prowse in his magnificent, lush Brechtian version of *A Tale Of Two Cities*. There are even a few of the dread yellow bricks in the hanging architectural stage extension of the mottled gold leaf effect.

The stage floor is a tilted ramp of bare boards, actors disappearing down three traps or else proscenium-wide stairs that melt into a dank void below. No-one comes on, much, from the side, a striking example of Prowse's insolent balletic radicalism. He thus achieves an extraordinary physical equivalent of Dickens's double rolling tide of prose and history. An opening aristocratic gavotte is displaced by a thunderous plebeian walk-down led by the massive Defarges, Anne Myatt and Ron Donachie.

The use here of half-masks, of niftily deployed black traverse curtains, of electric candlelight and portable candelabras, relates profoundly to Giorgio Strehler's famous Goldoni productions, and especially to *The Servant of Two Masters*. Instead, though, we have two masters of the servants.

The method of treating the doomed aristocrat, Charles Darnay, and the sacrificial wastrel, Sydney Carton, extends this theatre's range of doppelgänger experiments while investing the story with a brand new schizophrenic resonance. Tim Woodward speaks splendidly as the divided self while Tristram Wymark (happy echo here of Dickens's alphabet game as analysed by Steven Marcus, TW now on CD) is the dumb double, always facing upstage.

Dialogue is faithfully lifted from the novel, and how very well worked are these scenes between trans-Channel spies and emotional desperadoes. Robert David MacDonald is a pompously dismissive Marquis, Patrick Hannaway a blustery go-between as Mr Lorry, Laurance Rudic a stricken, haunted Dr Manette. His daughter Lncie is rescued from sentimental Anglo-French rosedom by the oddly icy Ellis Van Maar, to whom Ruth Gemmell's scaffold-bound seamstress bears a tonchingly pertinent resemblance at the end.

That far far better thing is undertaken against one of Prowse's characteristic conveyor belt diagonals of trudging victims. The cast of 26 is continuously deployed in pictures of great beauty, brilliantly lit by Gerry Jenkinson. In speech and sculpture, Prowse conveys Dickens's ambiguity about the justice of mob rule, wisely retaining Madame Defarge's spirited denunciations while cleverly threading the substance of Manette's revelatory Bastille letter throughout the action.

A triumph for Mayfest is also a significant contribution to the Revolntionary bicentennial. London does not deserve it, but London should see it.

Michael Coveney

Tim Woodward

London Philharmonic

FESTIVAL HALL

In the middle of Sunday's LPO concert, the Chairman of the Arts Council presented the Evening Standard's 1988 opera award to the orchestra and to the many others who had collaborated in Messiaen's *Saint François d'Assise*, a notable British première which was triumphantly realised on the South Bank. Award fully in order, though the passing-of-statuettes replays for the sake of the press cameras were a bit off; it was worrying, however, to hear Mr. Palumbo declare that the presentation was not only the "easiest" bnt the "most pleasurable" part of the evening for him. The rest of us, with no trouble at all, enjoyed the music even more.

We had wondered how it would turn out, for the conductor Yuri Simonov was standing in for Klaus Tennstedt (who is having a hip replaced). The menu Tennstedt had drawn up comprised Act 2 of *Die Fledermaus*, without the spoken dialogue, and the tone-poems *Don Juan* and *Till Eulenspiegel* composed hy that otber Strauss just 15 and 20 years later. Whatever Tennstedt-touches one might have been imagining in advance, one wouldn't expect them from Simonov; the greater the pleasure, then, of hearing Simonov bounce so happily through the programme in his own way.

Without special subtleties, both the Richard Strauss evergreens had plenty of vitality — unflagging enargy, hut also clean lines, crisp colours and confident dramatic proportions. Many a modern reading of *Juan* or *Till* winkles out interesting tidbits at grave cost to the overall drive; Simonov's accounts showed how each whole piece actually *goes*, which is what anyone should be lucky enongh to hear first. With Johann Strauss II he allowed his imagination freer rein, and we got a performance of terrific brio — though here first-time listeners were disadvantaged: the fun of *Fledermaus* Act 2 depends upon the characters set up in Act 1, and the programme-book gave us a mere sketch of the action without even the words of the Act 2 numbers, sung in German.

Among an excellent cast Jeffrey Black's Eisenstein was persuasively virile in that language, and the delight Nancy Gustafson took in Rosalinde's music was infectious, though her airs for the mock-Hungarian set-piece need work yet. There was a charmingly artful Adele hy Lillian Watson, a ripe, show-style Orlofsky from Claire Powell and lively support from William Shimell, Roderick Kennedy and Gunvor Nilsson. Keen contrihutions from the London Philharmonic Choir too, if not quite the comically maudlin droop for "Duidn;" and from Simonov and the orchestra plenty of witty pounce, lithe waltzing and sudden vandeville fire-crackers. It was nice to be reminded what a cracking good musical *Fledermaus* is.

David Murray

Elvis Costello

LONDON PALLADIUM

Elvis Costello will be packing them in at the London Palladium for the next few Sunday nights, entertaining his admirers with an extended view of a wayward genius. He looks the same — like a pint-sized, side-burned, Teddy Boy doomed to prop up the Saturday night bar of a 1960s provincial ballroom; but his ten years or more as one of pop music's most uncomfortable voices has given bim a relaxed way with an audience.

There is often something incongruous about the ricb rebel, lashing tbe Establishment from the perspective of the penthouse flat, but Costello, perhaps because he still looks like an ontsider, sounds as if be means it when he sings about tramping on tbe PM's grave. Sometimes there is a feeling that he is just looking for opportunities to be very cross: the execution of Derek Bentley might well have been a crying shame but it was over 30 years ago now. Still Costello's song "Let him dangle," in which he spits out the lyrics with the venom of a cornered feral cat, is an artistic gem.

There was no shortage of gems in this three hour set, in particular an impassioned "I want you," in which the Costello intensity is disturbingly credible. But after five minutes of packed emotion the mood is hroken by indifferent stage patter. No one wants the scripted insincerity of a Diana Ross hut Costello can sound banal wben not actually performing.

This is especially true when he hrings on his broken heart, an enormous red plush stage prop to which are attached "13½ Deadly Sins." The idea is that individuals snatched from the audience by a sidekick dressed as a wolf select a sin and Costello sings a requested song linked to it. This is the crassest nonsense, the sins turning out to be incontinent words like "architecture" and "prattling" while tbe requests are just for old favourites, sometimes hy other artists. "Who are Bonjovi?" askes a bewildered Elvis. It is an irritating distraction, carried off with all the suhtlety of a Sun leader. It can lead to marvels like "Good year for the roses" and "Allison," but who needs the husiness.

Elvis Costello wasn't born to be a comfortable entertainer. He plays upon his perverseness, hut he sings and plays the guitar almost as well as he writes quirky songs. For these concerta he holds the stage alone, helped out fitfully by Nick Lowe. At times you feel he should have called himself Dylan Costello so strong are the parallels with that other tricky star. Yon don't have to like him, know him, or admire him to take away the experience of an unusually rewarding evening.

Antony Thorncroft

SALEROOM

Impressionist challenge

Salerooms throughout the world are disposing of antiques at a frantic rate this week, with encouraging results. The main gamhle was taken by Hapsburg Feldman, the Geneva based auction house whicb atarted less than two years ago as a well financed challenger to Sotheby's and Christie's.

Until now HF has concentrated on areas in which its directors have had long experience — stamps and watches, art deco and rich men'a bauhles generally. But in New York on Monday it held its first important Impressionist and modern picture sale, whicb directly confronted the established auction bouses in the market where most of their profits come from. It did quite well, totalling $26,353,800, plum in the middle of the pre-sale forecast, and with 38 of the 57 lots finding buyers.

There was most satisfaction in a record price for a Chagall, $4.62m, paid by a Japanese huyer for "The violinist with the world upside down," painted in 1929, and one of his most characteristic images. "La Lecture," also known as "La Rêve" by Picasso, a 1932 "portrait" of his young mistress Marie Thérèse realised $6.27m.

Sotheby's was happy with its tribal art sale in New York on Monday wbicb totalled £1,841,878, with only 9 per cent unsold. This seems to be a market enjoying a sndden revival after a long period in the doldrums. It can perhaps be linked to the current ferocions demand for contemporary art and antiquities — somehow anything challenging counoiseurship aod accepted art forms is in vogue.

Top price was the £372,881 paid by a New York dealer for a Fang male reliquary from Gabon. It was sold hy the British Rail Pension Fund as was a Fang reliquary head of great tenderness, for £298,305. Both prices were comfortahly above forecast. Another BR investment, a Benin bronze of a warrior, sold for £99,435 and a fourtb, a Cbowke chiefs tbrone, looted in Angola around 1890, realised £29,519. The Fund had paid £17,600 for it at Sotheby's in 1979 which underlines jnst bow flat the tribal art market has been for a decade.

A borse and its rider were re-united after more than three centuries on Monday at Sotheby's Geneva silver sale. The parcel gilt models were commissioned around 1654 by the Esterhazy family to commemorate the death of Laszlo Esterhazy in hattle against the Turks. They were long separated and the horse acquired a new rider but recent research brought them together and fortunately tbe auction room enahled one buyer to acquire both pieces — £192,307 for the rearing borse and £57,692 for the rider on a horse now surplus to requirements.

Antony Thorncroft

ARTS GUIDE

May 5-11

THEATRE

London

The Black Prince (Aldwych). Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836 6404).

King John (The Pit). Deborah Warner's RSC revival reveals a near-masterpiece, hitherto ignored. May 10, 11, 26, 27-30 (638 8891).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (930 2578, cc 839 1438).

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

Icecream (Royal Court). Caryl Churchill's new play is a dense 70-minute meditation on a transatlantic misalliance between two Americans and their distant English relatives. An intriguingly murderous exercise in style, directed by Max Stafford-Clark (730 1745).

Ivanov (Strand). Alan Bates and Felicity Kendal lead a new ad hoc classical company in Chekhov's first play, translated by Ronald Harwood, directed by Elijah Moshinsky. Bates interestingly renders the critical suicide a Simon Gray character (836 1660).

Stuttgart

Seventh International Pantomime Festival from May 1 to 31. This festival, organised by the Stuttgart Makal City Theatre, shows, with 14 different programmes and 12 artists from eight countries, how lively pantomime remains. Peter Makal, who is also the founder and owner of the theatre, will open this festival with e new solo programme *Exe – signs of time.* There are artists Ko Murobushi from Japan, J-L Castano and Gonzales Spain, Andres Valdes and Jana Kovac, Yugoslavia, the Chilian Eduardo Lorca and the Germans Joerg Brennecke, Berlin, Rolf Mielke Wiesbaden, and the ensemble of the Makal Theatre. Under the leadership of Peter Makal this festival has become world famous. Ends May 31.

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson'a gilded sets, Phantom rocks with Andrew Lloyd Webber'a haunting melodies in this mega-transfer from London (239 6200).

Washington

American Juke Box (Ford's). Music from the 1950s and 1960s is performed by a dozen-strong ensemble directed and choreographed by Edward Love. Ends May 28.

Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Chicago

Speed of Darkness (Goodman). The world premiere of Steve Tesich's domestic drama involves the reunion of Vietnam veterans and the havoc it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 3800).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. Kabuki-za Theatre (541 3131). The main work in the matinee programme (11am) is often known as the *Women's Chushingura*, because of its resemblance to the famous story of the vendetta of the 47 loyal samurai. One of the pieces in the evening programme at 4.30pm, *Sesshu Gappo ga Tsuji (Gappo and his daughter Tsuji)*, was banned as late as 1937 for its immorality.

Hebei Opera from China. National Theatre (580 0031). Hebei Bangzhi Opera from Hebei Province is a combinatioo of many local styles, and similar to Peking Opera. The company presents *Zhong Kui*, which is based on a fairy tale that has been popular in China for over a thousand years. Ends May 10.

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The dazzling dollar

IS IT impossible to keep a bad currency down? The improvement in the US external imbalance appears to have slowed and reputable forecasters, like the International Monetary Fund, even expect it to go into reverse. Yet the dollar goes from strength to strength.

Since the beginning of the year the dollar has climbed from Y125 to Y135 and from DM1.77 to DM1.92. Nothing in US trade performance explains such strength and nothing in the remarkable trade performance of Japan or West Germany explain the weakness of their currencies.

The standard explanation of short-term currency movements focuses on interest rate differentials. Yet *vis à vis* the D-Mark, the interest rate differential in favour of the dollar on three-month Euromoney is lower than at the beginning of the year and it has fallen quite sharply over the last six weeks. It is true that *vis à vis* the Yen the differential is higher than at the beginning of the year, but it too has fallen recently.

There is, of course, no lack of other explanations. The problem is rather the reverse.

In the past dollar strength has often been explained by unexpectedly rapid economic growth, which is expected to lead to a tighter monetary policy and higher US interest rates. At other times (like now) slower growth is alleged to be the reason for the dollar's strength, the likely result being lower imports and smaller trade deficits. There are also monetary explanations. On this view what matters is relative growth of money supplies, with US monetary policy apparently very tight for a long time.

Political impasse

When all else fails, there are the political explanations. When the dollar has been weak commentators have pointed to the political impasse over the budget in Washington. Now that the dollar is strong, commentators point to the Recruit scandal in Japan and neutralism in West Germany.

Fortunately, this vast outpouring of more or less plausible exegesis is entirely beside the point, which is, as Marxists are fond of saying, not to understand things, but to change them. The question is what the monetary authorities should do in response to the dollar's strength?

Their powers must not be exaggerated. They cannot, for example, implement the set of real rates of exchange consistent with long-term current account equilibria (whatever they may be). What they can do, however, is determine what the exchange rate movements suggest about the direction of monetary policy and then judge whether they should respond to what they are being told. Fortunately, what they are being told is clear and perfectly sensible.

Valuable contribution

Monetary policy needs to be tightened in West Germany and Japan, at least enough to stabilise their currencies against the dollar and preferably to strengthen them. Tighter monetary policy in the surplus countries would make a valuable contribution to global disinflation, while stronger currencies in these countries would also accelerate import growth, itself desirable (notably in Japan).

If the surplus countries were tightening their monetary policies, the global background for domestic inflation would be more favourable in the US. Accordingly, the Federal Reserve would be justified in taking a relaxed view of US monetary policy in the face of domestic economic weakness.

Global macroeconomic co-ordination has never been easy. But when the foreign exchange markets are asking the authorities to do what appears sensible in domestic terms, the opportunity should be seized. The monetary authorities of West Germany and Japan should tighten monetary policy further, with a view to strengthening their exchange rates, cooling inflationary pressures and facilitating global balance of payments adjustment. But to ensure that there is no global overkill, the US should not attempt to follow them. In short, never mind why the exchange rate markets are behaving as they are; just make the response they are suggesting.

Disarmament without tears

THE OBJECT of the defence proposals approved yesterday by the national executive committee of the Labour Party is, of course, to convince the electorate that Labour is a responsible party of government which will not leave Britain defenceless against aggression or blackmail from a hostile power. A majority of the electorate believes that this would be the effect of unilateral nuclear disarmament, which was proposed by Labour in the last two general elections. Accordingly the party leadership has decided not to repeat that proposal next time round.

But the proposals do not read like the work of people convinced that a nuclear deterrent is either necessary or desirable; and in point of fact they are not addressed to the electorate but to the party itself. The authors seem to be trying to convince themselves that they have not really betrayed their unilateralist principles.

Validity

So the thrust of the document is not to assert the validity of nuclear deterrence, but rather to assert that nuclear weapons are, in any case, on their way out and that therefore it does not really matter if Britain retains hers for a few more years. "The important objective of early decommissioning, first Polaris and then of Trident," it says, "could be pursued by Britain within the context of the Start-2 negotiations, depending on their pace and progress. Our aim is to bring about the elimination of that capability." Hardly the strongest possible negotiating band.

Not surprisingly Mr Mikhail Gorbachev is the document's number one hero. A lengthy preamble is devoted to celebrating the changes he has brought about both in Soviet domestic affairs and, with a little help from President Reagan (hero number two), in the international climate. "It is," we are told, "the historic coinciding of change in the Soviet Union coupled with response from the US that has transformed the context in which defence policy must be examined." The authors seem blissfully unaware that defence policy has to be planned over a long time-scale, and has to take account of possible further changes in "the context" which might not be in such a favourable direction.

Hero number three is Chancellor Helmut Kohl of West Germany, who is sainted for having "already foreshadowed the possibility of a Third Zero – the elimination from the European continent of all medium and short-range weapons ... being added to the agenda of East-West disarmament." This Third Zero, we are told, "should be made a firm objective, and a Labour government will take active steps to achieve this".

In point of fact Mr Kohl has carefully avoided calling for the Third Zero, and though he has called for negotiations with the Warsaw Pact on short-range nuclear forces (SNF) he has not suggested, as the Labour document does, that these should be included in the agenda for the Vienna talks on conventional forces. His proposal – a much more sensible one, though at present rejected by the British and US governments – is for separate negotiations on SNF which would take account of the progress achieved in Vienna without being formally linked to it.

Half-truths

The political instinct behind these half-truths – that the electorate will not be happy with the Conservative Government's growing isolation on the nuclear issue and that Labour's chances will be improved if it is felt to be in tune with mainstream opinion within Nato – is probably sound. But that will only work if Labour itself gets the tune right. It will not convince the electorate by claiming that "Labour's opposition to the siting of cruise missiles in Britain has been fully vindicated" by the INF treaty, when common sense clearly declares the opposite; nor by claiming that "Labour played a signal role in triggering off the process whereby nuclear disarmament has become a policy actively pursued by the superpowers."

That would be a pretentious claim even from a British government, let alone an opposition party.

Tim Coone and Lionel Barber assess the mood following Sunday's bitterly disputed elections in Panama

Opposition loses its innocence

Makeshift barricades of stones and rubbish litter the streets of one of the more exclusive neighbourhoods of Panama City. Close by, riot troops idle languidly by their trucks. Their job: to cordon off the main centre which last night was due to announce the official results of last Sunday's bitterly disputed elections.

Panamanians like to tell visitors: "We are peaceful people. We are not like the rest of Central America. We don't like violence." That image may now have to be re-examined. In the aftermath of Sunday's polls, widely seen as rigged by strongman General Manuel Antonio Noriega to prolong his *de facto* rule of Panama, events have taken a violent turn. Even the day after polling, riot police were restrained and respectful with chanting opposition demonstrators on Panama's streets. A police major patiently calmed down an agitated woman who hurled insults at him. Another soldier politely admonished a woman for having brought her young son to the demonstration. Yet another, after colleagues had fired the first birdshot rounds to disperse an already tiring crowd, commented to a TV cameraman: "I don't like this business of Panamanians fighting Panamanians."

The opposition march on the election centre, where results had been awaited in vain for over 24 hours, was about to break up peacefully.

Then civilian government supporters in two cars came careering provocatively through the crowd. In seconds a peaceful demonstration had been converted into a Central American riot. Plainclothes paramilitaries, a feature of Noriega's rule, fired shots in the air with automatic rifles. Shortly after, a local TV cameraman was mortally wounded by shots from a passing car; two other people were wounded. The car was covered with pro-government posters. But why had the regime hardened its stance?

Gen Noriega, the controversial head of Panama's armed forces, suffered a humiliating defeat at the polls. His name was not on any ballot slip, but almost every voter believed that the elections were a plebiscite as to whether he should continue in the post which has allowed him to run the country for the past eight years.

Former US President Jimmy Carter, one of a large group of international observers in Panama to monitor Sunday's voting, on Monday night lent support to those who denounced the polls as a fraud. He said the opposition, in fact, won by a ratio of three votes to one.

Gen Noriega is now back in a corner, but he has demonstrated extraordinary ability to survive under pressure. Last year he successfully faced down the Reagan Administration's bungled attempts to remove him through a policy of economic sanctions, diplomatic isolation, and support for Panama's weak and divided opposition. Now it is President George Bush who threatens to topple him.

The Panamanian people are hapless victims caught in the middle of this conflict of wills. Gen Noriega continues in power, having apparently cheated massively in favour of his presidential candidate from the ruling Revolutionary Democratic Party (PRD), Mr Carlos Duque. There is no visible sign of divisions in the ranks of the 15,000-strong Panama Defence Forces (PDF) – Noriega's power base.

The US Administration seems to have three options to dethrone the General, about all of which there are serious doubts: through the local opposition overthrowing him, by foreign pressure and more severe economic sanctions, or through direct military intervention, an extreme option not ruled out by Washington.

Even an interim measure like a trade embargo would be damaging to both sides. US companies in Panama would be hit and Panamanian hostility towards Washington – caused by American failure to remove Noriega while ruining Panama's economy – could grow. The economic sanctions imposed by the US last year, which included a freeze on Panama canal revenues and on Panamanian assets in the US, have slashed national output by one quarter this year but the General has not budged.

Judging by opinions of people going to the polls last Sunday, the threat of further US sanctions and of economic decline if Mr Duque won, clearly influenced many voters not to support him, thereby contributing to his defeat. Such US influence on the outcome of the polls, however, has equally clearly contributed to a sense of self-justification by the Government to steal the elections.

That only 10,000 opposition supporters turned out on the streets on Monday to defend their apparent landslide victory is as much a reflection of the lack of opposition leadership as of a now well-documented lack of courage in confronting the regime. Riot troops laughed at the demonstrators when many ran at the first sign of trouble while opposition leaders had disappeared well before. The prospect of such forces ousting Gen Noriega is remote. As one observer said: "General Noriega knows very well just how far to use violence without being excessive".

There are signs none the less that the General's sense of measure may be slipping. The huge electoral defeat of the military-allied PRD is a defeat also for the PDF. The armed forces' self-respect as a symbol of national pride and sovereignty was severely dented.

But to shake the General, the opposition will have to change its image of gleaming cars, pet poodles and home video cameras that some of its supporters take on demonstrations with them. Monday's clashes were a sign that the opposition may be about to lose its comfortable middle-class innocence. Two chains of command have appeared in the PDF and PRD as a result of the fraud: one controlled by a professional group of soldiers reluctant to resort to violence, the other controlled by Noriega loyalists who are willing to gun down peaceful opponents on the streets. A spiral of violence sucking Panama into the Central American maelstrom is now in sight. Only the General himself is capable of preventing it. The elections were his fraud; the consequences are his responsibility.

General Manuel Noriega: suffered a humiliating defeat at the polls

THE RIGGED elections in Panama represent the first foreign policy crisis for the Bush Administration as well as an early test of the resolve of President Bush himself.

In the run-up to the poll, Mr Bush put the US firmly behind the Panamanian people and called for a free and fair election, declaring, perhaps ambitiously, that "the days of dictatorship in Latin America are over." The question is: can Mr Bush deliver? Can he succeed, where his predecessor Ronald Reagan failed, in removing General Noriega from power and creating a semblance of democracy in the Central American state?

At stake is the already soured relationship between the US and Panama, as well as the 1977 Panama Canal Treaties under which the US is to hand over control of the strategic waterway by the end of the century. This treaty is seen by the rest of Latin America as a watershed agreement marking the end of "Yanqui imperialism" in the region, and any move to abrogate it could damage Washington's relations with its southern neighbours.

Yesterday, as Mr Bush met his advisers to consider the next moves, he must have dwelled on another conundrum. The US, through its historical ties with Panama and its 14-base Southern Command military presence there, has perhaps more power and influence in that country than anywhere else in the hemisphere. Yet for more than two years it has been paralysed and held up to ridicule by Gen Noriega.

Washington's relations with the General have always been ambivalent. The Central Intelligence Agency recruited him in 1966 as a promising officer with an anti-communist bent. Despite reports of his role in drug trafficking, the contacts continued into the 1980s when he supplied intelligence on Cuba and the left-wing Sandinista Government in Nicaragua. In 1984, these ties were strong enough to allow him to rig the presidential election in favour of Mr Nicolas Ardito Barletta, a candidate he and Washington had agreed would be good for Panama.

Last year two Florida courts indicted the General on drug trafficking charges and he responded by removing Mr Eric Arturo Delvalle, the former Vice-President he installed as Panama's puppet leader in 1985 after forcing out the more independent-minded Mr Barletta. US officials – looking for a public relations coup in the wake of the Iran-Contra scandal – began to press for Noriega to go.

Once again, domestic US considerations torpedoed any chance of a co-ordinated policy: the Justice Department indictments hampered the State Department's efforts to negotiate with the General, and then Mr Bush, with one eye on his election campaign, declared that he was against any deal which involved dropping the drug charges. Meanwhile, the Pentagon argued vehemently against the use of force, citing the threat to US civilians and the fact that the Panamanians themselves were not willing to take up arms.

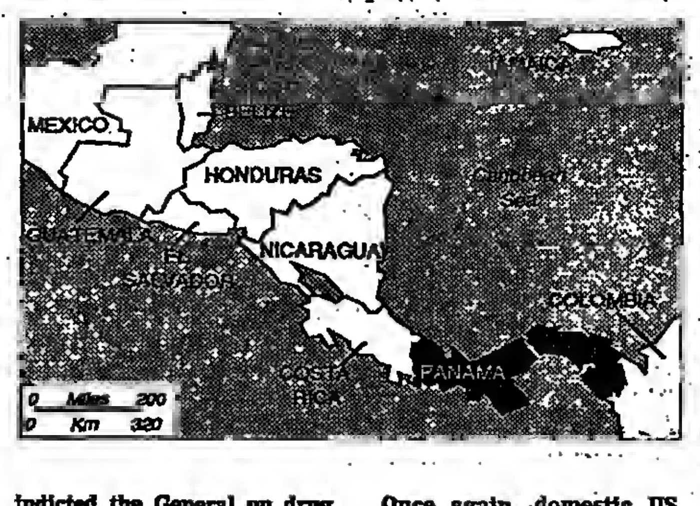
Today Mr Bush is further constrained by time. Under the Canal Treaty, the US administrator of the Canal Commission is to be replaced by the end of the year by a Panamanian whose appointment will be subject to confirmation by the US Senate. In the current climate, a Noriega appointee will not be acceptable – which would spell crisis over the treaty's implementation.

Already US conservatives – who opposed President Carter's negotiations on the canal as a sell-out of US interests – are starting to re-open the debate by introducing legislation for abrogation of the treaty. "This plays into Noriega's hands," said a senior US official, "because he has always said that the treaty is the real issue."

US officials have made clear that their options will, in part, be determined by events on the ground. Several, including the deputy chief of mission in Panama, were involved in the Philippine elections in 1986 when a popular groundswell backed by the army led to the downfall of President Ferdinand Marcos. They would like to see a repeat performance. Other officials argue this is wrong-headed because the Panama Defence Forces (PDF) have so far stayed loyal.

Mr Bush's immediate response is likely to be tempered – allowing public and world opinion to rally against the Panamanian Government. A show of force such as reinforcing the 10,000-strong Southern Command garrisons is under review but within the limits of the treaty which allows the US to protect American interests and US citizens in the Canal Zone.

If other Latin American states can persuade Gen Noriega that his country will remain a pariah as long as he is in power, then a deal with the US, probably involving dropping the drug charges, could yet be struck. If not, then tensions will continue to escalate in Panama, with unpredictable consequences.



OBSERVER

The elements; water

■ These are tough days in the bunker. The coffee machine goes up the spout, or possibly the other way round, the mark goes down when the German surplus goes up, the Labour Party abandons unilateralism, Graeme Hick stops scoring runs and Fernando Valenzuela lasts under two innings against the Cardinals. In such trying circumstances, with all known verities in doubt, it is a time to return to basics – the elements.

This is not much consolation any more, faced, as we are, with a future choice of hot and cold running Perrier, Badoit and Evian. But it may help to know that even those in the thick of the campaign to sell the privatisation of water also do not know what it is safe and politic to be seen drinking.

Off limits for water authority chairmen is any product of Thames Water and, in the light of recent French takeovers of UK statutory water companies, the ubiquitous Perrier. But is there a British alternative?

At a press lunch this week, one regional water authority had to ask the London hotel to send out for Malvern Water, which is owned by Cadbury Schweppes – but even Cadbury is circled by predators from outside the UK. Ashbourne Water belongs to Nestlé, Highland Spring to a Swiss-based consortium, while Buxton Spring was bought by Perrier two years ago.

Don't imagine that the few remaining pure springs in the UK are safe from takeover. One under scrutiny belongs to Britain's smallest statutory water company, Cholderton & District, which supplies just 2,500 people near Salisbury. Perrier (who else?) stresses that its investigations are at an early stage, but if it does lap up one of Cholderton's springs, its publicity department will at least have a wide choice of titles for the new bottled water: apart from Cholderton itself, the company supplies the euphonious hamlets of Bulford, Shipton Bellinger, Thruxton, Amport and Quarley. That will take some translation into French.

Earth (sand)

■ Not that it is much more settled in our favourite one of two countries, Yemen. The north, as noted last week, is unsafe at any speed, while the south of Arabia Felix is not as happy as it was in the good old days before the bottom fell out of the frankincense and myrrh market. But the Yemenis have managed to maintain their own special identity at the foot of the peninsula, scorning trousers in favour of the wrap-around *futa* from Indonesia and occasionally dyeing their beards alarmingly red with henna.

Mindful of the country's warlike traditions, South Yemeni hotels urge you to leave your weapons as well as your money at the reception desk, although our correspondent did not see a single example of those short, curved daggers notorious among conservationists for having rhinoceros-horn handles.

South Yemen, where party members are Comrades and the rest are Brothers (Bro for short), is a mistranslator's paradise. Favourite examples are from the noticeboard of an Aden beach club frequented by single Somali women ("Casualties: the club is not responsible for any casual event happening to any person while swimming"), and the food shop upcountry which declares itself to be a "Consumptive Co-operative".

Air (head)

■ "Can a soufflé rise twice?" You can read at greater length in this paper today what else Australian politicians had to say yesterday after Andrew Peacock was re-appointed leader of the Liberal/National Party opposition.

But if the definition of a celebrity is being well known for being well known, then Peacock is the closest thing Australian politics possesses. The son of a rich Melbourne family, he became the youngest elected to the federal parliament when he succeeded Sir Robert Menzies to the blue ribbon tennis seat of Kooyong in 1966.

However, it was his relationship with Ms Shirley Maclaine – who somewhat unfairly revealed his penchant for Gucci tooth brushes – and his all-weather suntan which earned him the title of Minister for Central Casting and the unerring love of editorial page cartoonists.

Earth (gold)

■ A pot of it beyond the dreams of most teachers will today come within reach of five groups of educators, thanks to the largesse of a British businessman, John Jerwood. He has funded an annual prize for educational achievement in Britain worth £150,000, which is within spitting distance of the value of a Nobel prize.

Jerwood, now into his 70s, saw distinguished war service behind German lines before emigrating to Japan in 1950 to seek, and find, his fortune in the cultured pearl industry. He already hands out more than $1m ($399,000) a year to educational and youth projects, including £200,000 annually in scholarships at his old school, Oakham, in what was Rutland, as well as picking up the tab for Britain's National Youth Chamber Orchestra and an international junior chess tournament.

The Jerwood Award is his most ambitious project yet. A panel of judges, led by Lord (Roy) Jenkins, chancellor of Oxford University, will today name the five finalists, each of whom will get £5,000, with the winner taking the full £150,000 next month. After some initial disbelief in the profession that anybody would actually want to give money away to teachers, 573 entries eventually reached the judges' in-tray.

Meanwhile, Jerwood is already thinking about doubling the value of the prize and inviting entries from throughout Europe. If he hooks up with the likely owner of Cholderton water, the winner's toast would, presumably, be in Perrier-Jerwood.

Wind and fire

■ The following anecdote is doing the rounds of informed American circles. Mrs Thatcher takes her Cabinet out to dinner. The waiter asks the Prime Minister what she will have. "Steak," she says. "And for the vegetables?" he goes on. "They'll have steak, too."

Jurek Martin

Alice Rawsthorn reports on the difficulties of the US textile industry

Fraying around the edges

The annual meeting of the American Textile Manufacturers Institute is usually a jolly affair. The stars and stripes is unfurled; Southern college football songs are sung; spouses watch wide-eyed while their nearest and dearest deliver their speeches.

This year's meeting in Florida last month was even jollier than usual. Imports are down. Exports are up. Output is rising. Investment has reached a record level. Ostensibly the US textile industry has every reason to celebrate.

But behind this rosy facade, tha industry is in turmoil. Its apparent recovery owed more to the recent weakness of the dollar than to a genuine resurgence. Despite the increase in investment, the US textile and clothing companies are still a long way behind their European competitors in terms of automation and design.

Source: US Department of Commerce

Moreover textiles has been ravaged by the wave of corporate activity that has swept across the US industrial landscape. The giants which once dominated the industry – Burlington, Blue Bell, J.P. Stevens, West Point-Pepperell and Levi Strauss – have become embroiled in bids or buy-outs.

This frenzy of activity has left the industry with a crippling burden of debt. The short-term cost of emergency sales and enforced closures has already been devastating. The long-term implications for an industry already struggling to compete in the international market are ominous.

Textiles, which includes the clothing industry, is one of the largest areas of manufacturing in the US. The textila sector, which includes spinning and weaving, employs 726,000 people chiefly in the southern states of Georgia, Alabama and the Carolinas. Across the country, the clothing industry has a workforce of over one million.

The innovations of the US industry, such as Isaac Singer's sewing machine and Levi Strauss's blue jeans, have helped to shape today's international textile trade. Yet its development in the post-war period has been characterised not by innovation but by complacency.

The US industry thrived in the 1950s and 1960s thanks to the apparently inexorable growth of its domestic market. In the early 1970s, when the oil price crisis plunged the European textile companies into a painful period of restructuring, the US economy emerged unscathed. The textile industry benefited from a buoyant domestic demand until the end of the decade.

But in the early 1980s the US textile companies came face to face with reality when the US market was swamped by a surge of south-east Asian imports. The problem was exacerbated when demand slowed. The US industry faced a future in which it could no longer depend on domestic growth to offset the influx of imports. The impact was devastating. Nearly 250,000 jobs were lost in textiles and clothing between 1980 and 1985.

The parallel pressures of increasing imports and a mature market did at least force the US companies to face the long-term problems of poor productivity and lacklustre design that they had been able to avoid in the years of prosperity. Excess capacity was weeded out. Poorly performing *plants were closed. Investment rose* rapidly. Clothing companies developed new sources of supply from subcontractors in south-east Asia.

Last year the US companies appeared to reap the rewards of this restructuring with a marked improvement in performance. Output rose for the third successive year. Exports of textiles and clothing were healthy. The growth in clothing imports slowed down. Textile imports actually fell for the first time since 1982.

Ostensibly the industry is in the throes of resurgence. The underlying trends are less reassuring. One of the chief catalysts for recovery has been the decline of the dollar, which has made it easier for US companies to compete internationally and more difficult for the south-east Asians and Europeans to sell to the US.

The industry also benefited from the cautious mood of the retail sector after the stock market crash in the autumn of 1987. When retailers realised their fears of a slump were unfounded, they were forced to place orders with domestic suppliers which could deliver on time.

As the industry is well aware, it can not afford to depend on ephemeral phenomena like exchange rates and erratic trading patterns in the long term. The only way to secure its future is to become internationally competitive.

At present the US textile industry is hopelessly uncompetitive. Throughout the 1980s, the European textile industries have harnessed advances in technology to erode the labour cost advantage enjoyed by the emerging economies of south-east Asia. Yet the level of automation in US textiles is *lower than* in *Italy or West Germany*.

The need to invest in automation is intensified by tha labour problems facing the industry. One of the traditional advantages of the industry's concentration in the southern states has been the abundance of comparatively cheap labour.

But in recent years other industries have invested in the south. The level of unemployment has fallen – to about 3 per cent in some Carolina counties – and prospective employees can be choosier about where they work. Textiles is still seen as a low pay, low status area of employment. The industry will have to invest in improving pay and conditions or it will risk recruitment problems.

The industry must also get to grips with the need to improve its international marketing. The US textile companies relied on domestic growth for so long that they neglected othar markets. Many still regard exports as an opportunity to be exploited only when the dollar falls.

Since the mid-1980s domestic demand has been static. The US companies must now nurture new markets to secure growth and to offset the encroachment of imports. They have a long way to go before they are as adept at international marketing as their competitors in Italy and West Germany.

Yet the principal problem facing the textile companies is the legacy of the leveraged bids and buy-outs that have transformed US industry in the 1980s. Every area of manufacturing has been affected by this surge of corporate activity, but textiles, as a mature area of manufacturing with strong cashflow, was a prime candi*date for leveraged deals.*

One by one the industry's giants have passed into private ownership or the clutches of predators. Soma deals hava been successful. Levi-Strauss, which staged a $1.6bn leveraged buy-out in 1985, has flourished away from the scrutiny of Wall Street. It has already repaid more than half of its buy-out debt.

And in some respects the bids and buy-outs have been beneficial for the industry. Financial controls ars tighter. Excess capacity has disappeared. A new generation of more professional management is in place.

Yet the industry has also been left with overwhelming debt. Ms Pamela Singleton, textile analyst at Merrill Lynch in New York, estimates that the debt/equity ratio has doubled to 1:1 in the last three years.

Most of the bids and buy-outs have been followed by lay-offs, disposals and closures as the new owners raise capital to repay their debts. The story of Burlington Industries illustrates the extent of the restructuring.

Burlington was once the world's biggest textile group. In 1987 it was forced to resort to a $2bn leveraged buy-out to escape a bid by Mr Asher Edelman, one of Wall Street's most infamous arbitraguers, and Dominion, the Canadian textile concern.

Before the buy-out Burlington was in the throes of an ambitious expansion and investment programme. After the buy-out it began a sweeping series of disposals whereby its workforce was reduced from 44,000 to 26,000 and its turnover from $3.2bn, in the year before the buy-out, to about $2.4bn last year.

The disposals are now over. Burlington, having raised $1bn, can repay its debts from cashflow. But it is difficult to envisage that the Burlington of today is very different from how it would have been in the hands of Mr Edelman. As if to add insult to injury, some of its biggest plants have been bought by Dominion.

The textile industry is now bracing itself for another rush of disposals after Farley Industries' $3bn takeover of West Point-Pepperell. Mr Bill Farley, the Chicago industrialist, paid just $300m of his own money for West Point. The rest has been raised from $1.2bn in bank debt and $1.6bn of junk bonds. Mr Farley, like the management of Burlington, has begun his new business under a deluge of debt.

Bnt the burden of borrowings also threatens the industry in the longer term. The worst possible scenario is that a slowdown in consumer spending, or a rapid rise in interest rates, could force companies to default on their debts. This may then trigger a series of emergency sales and compulsory closures across the industry.

Even if this situation is averted, the *burden of borrowings still poses seri*ous problems. The industry's attempts to repay its debts – the closures and disposals – have already created critical gaps in capacity.

Many companies bave also cnt capital expenditure. Given that the level of automation in US textiles is already far lower than in western Europe, these cuts could be very damaging to its long-term competitiveness.

Kurt Salmon, the international management consultancy in Naw York, estimates that the industry needs to spend between 6 and 8 per cent of turnover on capital expenditure in order to catch up with its European competitors. At present it spends about 4 per cent and that proportion could fall because of the recent cutbacks.

The long-term legacy of the bids and buy-outs casts a cloud over ths future of the US industry. It will also make it much more difficult to tackle the long-term challenge of turning US textiles into an internationally competitive industry.

LOMBARD

Backdoor reform of pensions

By Barry Riley

SLOWLY THE Britisb occupational pensions industry is gathering its powerful lobbying forces to defend itself against the latest assault from the rigbt-wing think tanks which heavily influence Government financial policy.

First, though, it is having to shake off recent complacency. The industry considered that it had successfully fought off the attack by the Chancellor, Mr Nigel Lawson, ahead of the 1987 General Election. A well-flagged probe by the Treasury and the Inland Revenue resnlted in only minor measures. A degree of future protection seemed to be afforded by the Chancellor'a 1985 promise that any fundamental reforms would be preceded by a green paper.

Mr Lawson nevertheless slipped a time bomb into his Bndget speech this year. A £60,000 cap would he placed on the level of earnings which would enable an employee to qualify for benefits from an occupational pension scheme. This cap would be indexed – hut only to the retail prices index, and not to the faster-rising index of average earnings.

Politicians are adept at using inflation to do their dirty work for them througb various forms of creep and drag, affecting the tax structure in ways that they would find it awkward to propose directly. For example, the ceiling on bouse mortgage loans which qualify for interest relief was set at £25,000 by the Labour Government in 1974, equivalent to some £86,000 in today's money, and therefore affecting only the very rich. However, today the limit is only £30,000 – despite a minor increase in 1983 – and is significantly below the level of the average new residential mortgage.

Pension fund actuaries have now done their sums on the effect of failure to index the £60,000 income cap to earnings, and they are alarmed st the implications. Over the past 25 years earnings growth has exceeded prices growth by an average of 2.5 per cent per year. It might not sound much, but it means that in 28 years the limit will fall to the equivalent of £30,000 earnings today.

The National Association of Pension Funds has written to Mr Lawson expressing deep concern at tbe prospect that ths ever-descending cap will undermine the future viability of occupational pension schemes. And this week tbe Confederation of British Industry warned about tbe immediste impact of the new measure on the job mobility of £60,000-plus executives, given that the proposed limit will apply only to those joining schemes after the end of this month, not to existing members.

In fact there is a very good case for restricting the availability of the tax privileges associated with pension funds. The purpose of granting tax relief (atrictly speaking, tax deferment) is to encourage people (and their employers) to provide for their old age. But pension funds have been widely used as tax shelters hy the very rich, who are not in any danger of destitution in retirement. Tax privilages ahould therefore be confined to incomes up to a small multiple of average earnings, and the anomalous cash commutation right at retirement – which gives tax-based pension plans much of their appeal to the wealthy – should be phased out.

But the Government ducked this challenge several years ago. The pensions industry is therefore perfectly justified in protesting at the way in which hackdoor changes which sre fundamental in nature, if not in their short-term effects, have been slipped unheralded into the Finance Bill.

There must also be concern at the way in which the Treasury has assumed tbe driving seat while the Department of Social Security, which has primary responsibility for the structure of pensions, has hardly appeared to know what has been going on. It is perfectly right, of course, for the Inland Revenue to be concerned about tax abuses of pension schemes. But there are suspicions that the proposals owe more to the influence of doctrinaire proponents of popular capitalism than to the need to react to excesses of tax evasion.

More than that it is bard to say, because the reforms have scarcely been given official explanation or justification.

LETTERS

A degree of bossiness may be required

From Mr Jonathan Stern and Mr Michael Grubb.

Sir, It takes a brave person to argue with Samuel Brittan as to what constitutes "market forces" ("The green power of market forces," May 4).

Yet to a non-economist there is something curious about proposing a vehicle congestion tax and then claiming that there is no conflict between that and "market forces."

The British Government has spent much of the past decade telling us that reduced taxation, free enterprise and promoting the rights of individuals to do whatever they want, free from Government interference, are the basis of prosperity and a healthy society. The challenges of international pollution and global climate change will probably require strong measures to reduce energy demand and limit industrial emissions. These may include taxation to reflect external costs – but to most of us this would still be intervention. In many cases taxes would have to be astronomical to achieve the desired results: who chooses a car or refrigerator on the basis of its long-run discounted energy cost?

Unless one believes in a big shift from income tax to resource and pollution taxes – and even this may be insufficient – then the available evidence suggests that regulated standards will be crucial, not peripheral as Mr Brittan suggests.

Standards and/or taxes can only he enforced by governments acting both singly and in concert. While this process need not, in Mr Brittan's words, require a "retreat into hysteria and irrationality," it will require a considerable degree of "bossiness." Without this, free market-minded consumers are likely to believe that if they are prepared to pay a higher price, reflecting environmental costs, they can pollute as much as they like.

Mr Brittan may be correct that global environmental concerns will not see the end of the free market approach. But he is wrong to think that those who follow such an approach will make any great contribution to global environmental problems.

Jonathan Stern,
Michael Grubb,
The Royal Institute of International Affairs,
Chatham House,
10 St James's Square, SW1

European Parliament elections

From Mr Michael Hughes.

Sir, Mr Martyn Bond, head of the European Parliament's information office, says that the forthcoming European elections give the EC electorate a chance to express their about the European Parliament developing into a co-legislater with the Council of Ministers (Letters, April 25).

Some of this electorate – in the UK, at least – is opposed to the European Parliament and other EC institutions being given more powers. Since most prospective MPs will naturally favour increased powers for the European Parliament, we have no means of expressing our views by voting in these elections.

Furthermore, Mr Bond describes the progress of the 1992 programme as becoming "irreversible." If it is irreversible, what is the point of voting in the European elections?

Michael Hughes,
49 Tennal Road,
Harborne,
Birmingham

Outlook for ESOPs

From Mr Laurie Brennan.

Sir, It would be easy to misread the confusing signals being given by the British Government about employee share ownership plans (ESOPs).

The provisions in the Finance Bill, for a severely limited type of ESOP trust, could be seen as a step backwards. But as your correspondents Mr Daw, Mr Johnstone and Mr Copeman have identified (Letters, April 6 and 26), this novel tax legislation can – and will, I believe – be improved over the years to come.

But the real action is in the House of Lords, where tha amendment to the Companies Bill, to remove donbts over unlawful financial assistance to ESOPs, is expected to ba agreed with all-party support.

Removal of the threat of criminal sanctions from this rapidly developing field is a truer guide to this Government's positive intentions.

Laurie Brennan,
New Bridge Street Consultants,
2 Tallis Street, EC4

Glossy figures can give a false impression

From Mr Oliver Smedley.

Sir, I am increasingly dismayed by the way in which members of the UK Government present figures with misleading glosses which give a wholly false impression.

In a recent debate on the Finance Bill, Mr John Major, the Chief Secretary to the Treasury, is quoted as saying: "The Chancellor had judged it appropriate to budget for a further year of substantial debt repayment. That meant that within three years they would have repaid about a sixth of debt accumulated over two centuries, saving about £3bn a year in interest payments."

The clear implication is that the National Debt has been increasing for over two hundred years, and it is only now that the UK has a Government capable of reducing it.

The truth is that the National Debt has considerably more than doubled during the term of the Thatcher Government: from £87,679m at March 31 1978 to no less than £197,616m at March 31 1988; an increase of £109,616m, or 125 per cent.

This is after receipts of so-called oil revenues – which are essentially capital – of £50,493m, and privatisation receipts, net of costs – also essentially capital by nature – amounting to £17,254m during the same period.

If the Government is now about to make some slight reduction in the outstanding debt, it is about time. The record is deplorable.

Oliver Smedley,
Garden Cottage,
Duck Street, Wendens Ambo,
Saffron Walden, Suffolk

Here for the beer

From Mr John Bishop.

Sir, I have read with interest the advertisements carried in your pages, placed by the "beerage." I find just some of their logic perplexing.

If a pub is of no interest to another brewer, why should it be of interest to the one who owns it now? If a pub is indeed such a poor investment, why should it be out of reach financially to the present tenant?

And indeed, if the brewers are as altruistic as their ads imply, and they really are concerned abut us, the drinkers, why can't the pubs he sold off at prices the tenants can afford?

The more the brewers squirm, the more certain I feel that the well-argued and well-researched Monopolies and Mergers Commission report got it right.

John Bishop,
84 Arden Grove,
Edgbaston,
Birmingham, West Midlands

Viva la diferencia

From Mr Robert Davies.

Sir, Peter Bruce's article on Spanish *mores*, post-Franco (May 3), reminds me of a remark made at a hotel swimming pool in the Canaries, early in 1980. Already, so soon after Franco, a group of girls had gone topless.

I noticed that, wherever he took an order for drinks, the diminntive barman (who had a Beatles haircut and spoke fluent English) always found it necessary to take a route past the topless ones, where for some reason his progress became temporarily retarded.

I npbraided him for this, knowing the answer I would get in Britain ("It's a free country") or France ("C'est uns république"). The young imp smiled slyly and gave me what – so soon after Franco – had evidently become the Spanish equivalent: "It's a democracy."

Robert Davies,
7 Willowcroft,
Lee Park, SE3

FINANCIAL TIMES
Wednesday May 10 1989

Disarray among G7 as dollar stays firm

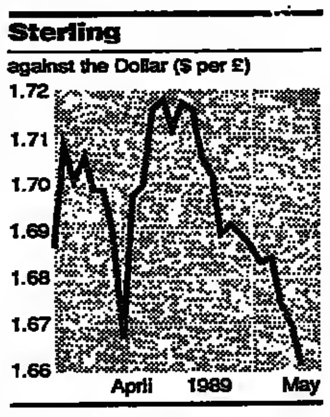
By Peter Norman in London and Janet Bush in New York

THE DOLLAR firmed on world currency markets yesterday as the central banks of the Group of Seven countries took differing approaches in response to its piercing of the DM1.90 barrier on Mooday.

In London, the US currency rose to its highest level against sterling since October 1987 and advanced to within half a pfennig of the 1988 high of ehout DM1.92 registered last August. It had closed in Tokyo et the psycbologically important Y135 level and stayed close to this in London dealings.

However, in late New York trading the dollar had dipped below earlier highs in the US of DM1.9190 and Y135.05 to DM1.911 and Y134.60.

The US bond market slumped by e full point, despite what appeared on tbe surface



to be reasonable demand at yesterday's three-year auction, the first of this week's Treasury quarterly refunding sales.

Dealers, including those at Japanese securities houses in New York, said that they had not seen mucb demand and that Japenese investors were now looking at the dollar as a liability at current levels.

The disarray among Group of Seven central banks yesterday was matched by bewilderment in foreign exchange markets at tbe absence of concerted intervention in response to the dollar's move through DM1.90, whicb had generally heen seen as its upper limit against the West German currency under the secret terms of the February 1987 Louvre Accord to maintain currency stability.

Analysts said the market was hesitant in the expectation that the central banks would nevertheless act to curb the dollar's strengtb hefore it reached DM1.925, which is seen as an important resistance point.

Among the main US trading partners, central bank reaction to the dollar's strength was varied and showed no signs of co-ordination.

The Bank of Jepan sold dollars in morning and afternoon dealings in Tokyo.

The Bank of England entered the London market to prop np the pound by selling dollars twice yesterday morning.

It stayed ont of the market in the afternoon, in spite of the news that British power workers had voted in favour of industrial action over pay.

The Bundesbank abstained from intervening in dealings between banks for the second day running, however.

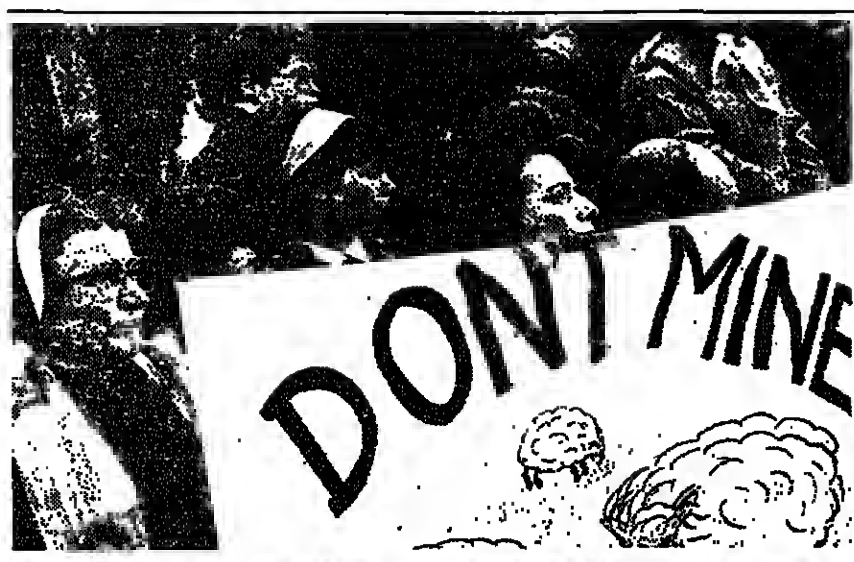
Its sole appearance in the foreign exchanges was et the official midday fixing in Frankfurt when it sold $5.7m to balance supply and demand as the US currency was fixed sharply higher at DM1.9136 after DM1.8989 on Monday.

The dollar was boosted against the D-Mark when Mr Theo Waigel, the recently appointed West German Finance Minister, unexpectedly declared that the D-Mark's current weakness was no cause for international action.

Other European central banks were heavy buyers of D-Marks.

The dollar closed in London at DM1.9155 against DM1.9075, while the pound closed at $1.6605 ($1.6695).

Editorial comment, Page 24; Currencies, Page 46



Environmentalists and local residents demonstrate (left) against mining plans for the sacred mountain of Croagh Patrick (right).

Gold fails to lure Irish environmentalists

A remote and beautiful corner of western Ireland has long been revered as a sacred site by its thousands of pilgrims. But now some of Europe's richest gold deposits have been discovered in the mountain's slopes and fear of a major mining development is threatening to divide the community, writes **Kieran Cooke** in County Mayo

CROAGH PATRICK is Ireland's sacred mountain, on which St Patrick is said to have stood and hanished forever all reptiles from Irish soil. On tbe last Sunday in July each year thousands of pilgrims climb the 2,500 feet to tbe chapel on Croagh Patrick's summit. Many walk barefoot over the rough stones, performing an intricate ritual of prayers and incantations as they climb.

Now, say a growing number of environmentalists and local residents, this sacred symbol of Ireland is under threat: gold bas recently been found on Croagh Patrick's slopes.

Preliminary analysis of nearby rock samples from this remote and strikingly beautiful western corner of Ireland indicate some of the richest gold deposits in Europe. One mining company says it plans to apply for a mining licence later this year.

Recently more than 3,000 people – said to be tbe largest crowd to have gathered in the area since anti-Britisb protests in colonial days – met in the main square of Westport, the local town. Nuns bolding "No Mining" banners heard environmentalists talk of the dangers posed by mining.

They said the mines would *cause permanent damage* to one of Europe's most outstanding areas of natural heauty. The tourist industry, on which many people depended for tbeir livelihood, would he ruined. Politiciens were accused at best of being apatbetic, et worst of being in cahoots with the mine operators.

In February last year two companies with a joint prospecting licence, the British Andaman Resources company and Glencar Explorations of Ireland, found gold at the head of a valley a short distance from Croagh Patrick.

Burmin, another Irish company, in partnership with Tara Mines, now 100 per cent owned by Outokumpu, the Finnish state mining company, had meanwhile found commercially exploitable levels of gold on Croagh Patrick.

Some preliminary samples indicated gold grades up to 6.7 oz per tonne. The generally accepted level at which gold becomes commercially worthwhile mining is hetween a quarter and a half ounce per tonne.

There was talk of an Irisb Klondike. Farmers who had for years struggled to make a living out of their ecologically ricb but inarable hogland dreamt of selling up. Mining would bring much needed jobs and prosperity to the area.

Bnt opposition bes been growing as environmentalists end local residents have banded together to mount an outspoken campaign. Mr David Bellamy, tbe environmental activist, addressed the West*port meeting. He said Ireland* lagged behind the rest of the developed world on environmental issues.

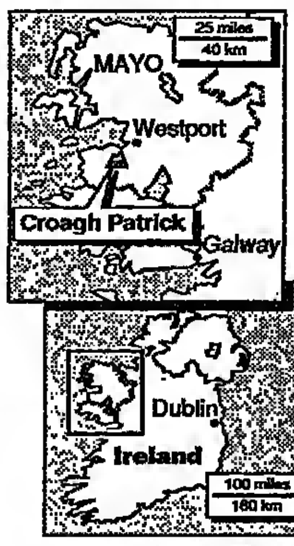
"This area is unique," said Mr Beilamy. "In any other country it would have heen designeted a world heritage site and left alone."

Those opposing the mining say that no matter what techniques are used, the mines will leave permanent scars. One of Ireland's few remaining areas of blanket bogland would be ruined.

Cyanide is commonly used to extract gold from the mined ore. Some of Ireland's best fishing rivers, downstream mussel and fish farms could all be ruined, say the campaigners. In the space of a few years the mines would he exhausted. What johs hsd been created *would quickly disappear while* tourist jobs would be lost forever.

"People are not going to come here to wander round a mining site and look at piles of dust and rubble," said a local teacher.

Those opposed to mining say that in the past the Irish



Exchequer has made little gain from mining operations. When the Government recently sold its remaining 25 per cent stake in Tara Mines north of Dublin, said to be the biggest zinc mine in Europe, it admitted it had not earned "a brass farthing" in royalties in the last 14 years of the mine's operation.

The mining companies and the Irish Government say the anti-mining campaigners are prejudging the matter. They point out that things are still *at an early stage*.

The companies are conducting their own studies into the environmental impact of their operations. They say that much of the opposition to their plans is ill-informed and orchestrated hy outsiders. "Real local feeling" is in their favour and such issues should not be decided at emotionally charged public meetings, they say.

"We have to live with the campaigners, but we are going to tough it out," said the chairman of one.

Those opposed to the mining say the Government cannot afford to be complacent. One company has already huilt a road by the side of Croagh Patrick for which, anti-mining campaigners say, planning permission was granted retrospectively. There has also been a diesel spillage into a local water supply.

The Government is accused of being too influenced by the mining companies. Anti-mining campaigners point out that Mr Conor Haughey, a son of Mr Charles Haughey, the Prime Minister, is managing director of Feltrim Mining, one of the companies searching for gold in the area.

The mood on both sides seems to be hardening. The companies insist they are acutely aware of their responsihilities.

"While there is no snch thing as an invisible mine, mining and the protection of the environment are not incompatible," said one company official.

The environmentalists disagree. As the rain fell on the protest meeting, one speaker invoked the spirit of Ireland's patron saint: "St Patrick is supposed to have been promised hy God that the Irish would never lose their cultural and religious heritage. We are just making sure that promise is kept."

Heads roll in Australian opposition coup

By Chris Sherwell in Sydney

THE LEADERS of Australia's opposition Liberel and Netional party coalition were simultaneously ousted by tbeir parliamentary colleagues yesterday in a twin coup which altered the complexion of the country's politics.

Following votes of no-confidence within tbe parliementary parties, Mr Andrew Peacock, 50, was restored as Liberal Party chief and Leader of the Opposition, replacing Mr John Howard, 49, to whom he bed relinquished the position in 1985. Mr Cbarles Blunt replsced Mr Ian Sinclair as National Party leader.

The changes are expected to enhance the opposition's public standing. Opinion polls show thet the coalition has failed to capitalise on tbe Labor Government's difficulties, and that Mr Peacock will achieve a stronger rating against Mr Bob Hawke, the Prime Minister, than Mr Howard.

The dual sweep-out, believed to be unprecedented in Australian politics, comes within 12 months of an expected general election. The coalition has lost the last three elections and has grown increasingly anxious about its chances next time.

Yesterday, Mr Hawke rejected the possibility of staging an early poll to exploit the opposition upheaval. Labor politicians believe the current high level of interest rates and the country's poor external economic position rule out an election now.

Although long mooted, the leadership challenges were only mounted over the past few days. With the local media kept in the dark, the party meetings were sprung on a surprised Mr Howard on Monday night and executed in parallel actions within 12 hours.

Mr Peacock outpolled Mr Howard at e parliamentary Liberal Party meeting by 44 votes to 27. Senator Fred Chaney won Mr Peacock's deputy leadership position by a similar margin. In the National Party meeting, the relatively unknown Mr Blunt ousted Mr Sinclair by an unspecified margin while the deputy's position remained unchanged.

The changes were welcomed by leaders of the two parties in all of Australia's states, including Tasmania, where an election is to be held on Saturday. Mr John Elliott, the Elders IXL chief and Liberal Party president, also endorsed them.

Mr Peacock, who was Liberal leader between 1983 and 1985, said at a press conference that his position as opposition treasury spokesman would be taken by Prof John Hewson.

Liberals plnck a leader from the past, Page 4

Deadline set for Minorco

Continued from Page 1

Analysts pointed out that as recently as Friday at the Panel meeting Newmont asserted it would continue the New York action. They suggested that Minorco's only hope of beating the deadline was to arrange an agreed bid for Newmont (one having the approval of both the Newmont board and Gold Fields).

The uncertainties still surrounding the bid were reflected in the Gold Fields' share price which rose only hy 10p to £13.28 after the Panel's verdict and remained £2 below the bid value. Minorco's price was up 12p to £6.84.

Lex, Page 26, Background, Page 36

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	18	64	Malta	S	19	66	Rhodes	S	20	68
Algiers	C	23	72	Edinburgh	C	72	54	Manchester	S	13	55	Rio de J'o	C	23	73
Amsterdam	S	19	66	Faro	S	19	66	Manila	C	34	93	Rome	S	19	66
Athens	S	21	70	Florence	C	21	70	Melbourne	S	30	66	Salzburg	S	21	70
Bahrain	S	30	86	Frankfurt	S	21	70	Mexico City	F	26	70	San Francisco	C	13	55
Bangkok	C	34	93	Funchal	S	19	66	Miami	F	24	70	Seoul	S	20	68
Barcelona	F	17	93	Geneva	S	23	73	Milan	S	22	72	Singapore	F	31	88
Beirut	–	--	--	Gibraltar	S	23	73	Montreal	F	7	45	Stockholm	C	13	55
Belfast	C	11	52	Glasgow	F	12	54	Moscow	C	18	64	Strasbourg	S	24	75
Belgrade	F	16	61	Guernsey	S	16	61	Munich	S	21	70	Sydney	–	--	--
Berlin	F	20	88	Helsinki	F	14	57	Nairobi	F	23	72	Taipei	C	31	88
Biarritz	F	16	61	H. Kong	C	22	84	Naples	S	22	72	Tangier	F	19	66
Bombay	S	38	100	Innsbruck	S	22	72	Nassau	C	29	84	Tel Aviv	S	25	77
Bordeaux	F	22	72	Inverness	F	9	48	New Delhi	S	35	95	Tenerife	C	20	68
Brussels	S	22	72	Islamabad	C	33	91	New York	S	29	84	Tokyo	F	21	70
Budapest	S	17	93	Istanbul	F	15	66	Nice	S	19	66	Toronto	F	4	39
B. Aires	F	17	62	Jakarta	R	22	90	Nicosia	S	21	70	Tunis	F	21	70
Cairo	S	30	86	Jersey	S	19	66	Oporto	C	18	64	Valencia	S	21	70
Cape Town	F	21	70	Jo'burg	F	17	63	Oslo	F	12	54	Venice	S	19	66
Caracas	C	26	79	Lima	F	22	72	Paris	S	23	73	Vienna	S	16	61
Casablanca	C	22	68	Lisbon	S	20	68	Peking	F	22	68	Warsaw	C	13	55
Chicago	C	7	45	London	F	18	64	Prague	S	19	66	Washington	S	13	55
Cologne	S	22	72	Los Angeles	C	17	63	Reykjavik	S	4	39	Zurich	S	21	70
Copenhagen	C	14	57	Luxembourg	S	19	66								
Corfu	S	20	68	Madrid	F	23	73								
Dallas	C	22	72	Majorca	F	23	73								
Dublin	F	13	66	Malaga	S	24	75								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Pan Am may consider NWA merger

Continued from Page 1

wealtby Texan brothers Sid and Lee Bass.

NWA said it had not invited Pan Am to be its white knight to hlock hostile bids being mounted by several investors, including Mr Marvin Davis, the Los Angeles businessman who has offered $90 a share, or $2.7bn.

NWA was continuing its own efforts to maximise shareholders value and it would not give a Pan Am offer "any greater or lesser consideration than any other proposal," it said

Pan Am's shares rose $1½ to $5 while NWA's slipped $¾ to $104 ¾ after rising some $45 since the figbt for it began some six weeks ago.

Explaining the logic of buying NWA, Mr Thomas Plaskett, Pan Am's chairman, told the company's annual meeting yesterday that "the linkage of two airlines with virtually no overlapping routes into a single global carrier would create a formidable US challenger

Pan Am said it hoped the lack of overlap with Northwest in the US would satisfy antitrust officials at the US Justice Department.

The Department has said recently it will scrutinise any future takeovers because it was concerned about the trend to fewer and bigger airlines.

This concentration was one of tbe factors which led Mr Plaskett to admit several months ago that Pan Am could only survive if it merged with anothsr airline. Many potential suitors have looked it over in the past few years but all have declined to take on the challenge of turning Pan Am around.

THE LEX COLUMN

Passing the buck to Newmont

There is something for everybody in the Takeover Panel ruling on the Consolidated Gold Fields bid battle, but it has done little damage to Gold Fields' continued quest for independence. The Panel has neatly extricated itself from a rather embarrassing dilemma. Clearly, it cannot allow UK companies to continue frustrating a hostile takeover bid when more than 50 per cent of their shareholders have accepted the offer. By the same token, the Panel's writ does not extend to overruling a US court. It has arrived at a commonsense solution, but at the end of the day it is no more than an interesting footnote to an unnaturally complicated bid.

Ideally, Minorco wanted the bid timetable to be extended and Gold Fields to use its good offices to get its US affiliate, Newmont Mining, to withdraw its own legal action against Minorco. However, the Panel's solntion meant that Gold Fields was never going to agree to a further extension of the offer period so that it could hold an egm it was bound to lose.

The Panel's ruling may prevent other companies copying Gold Fields' imaginative defence, but its inability to control events in the current case is underlined hy the emphasis it puts on the arms length relationship hetween Newmont Mining and its higgest shareholder. Whether Gold Fields shareholders will be able to take advantage of Minorco's final offer now depends on events on the other side of the Atlantic, and Minorco has precious little time left. It could try yet again to persuade the US court to lift the injunction, encourage Newmont's board to drop its opposition, or find a bidder willing to pay a high enough price to get an agreed takeover of Newmont. The odds against this happening are shortening on all three counts. But even if *Minorco loses this time*, the pressure on Gold Fields to arrange an amicable settlement with its higgest shareholder is intensifying.

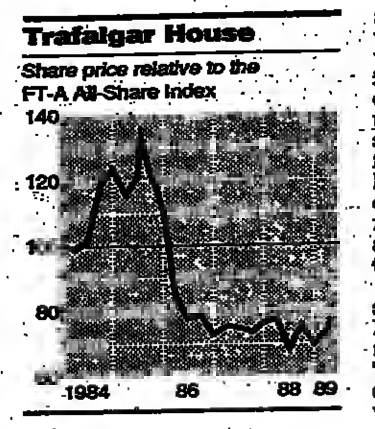
Coats/Tootal

Given the choice of being sacked by Mr Abe Goldberg or promoted by Sir David Alliance, the Tootal management would be abnormal if it did not incline to the latter. So if Coats can assure Tootal's managers that they would have good jobs to go to after a takeover – which was surely the aim of the management restructuring announced yesterday by Coats – then agreement between the two should be that much easier to reach. And with ample sign of willing on both sides yesterday, it seems a fair bet that the two will meet their midnight deadline tomorrow with a deal at a price not vastly higher than the current 136p in the market.

There can be little donbt that merger would he good news for the two companies' thread businesses – indeed, such good news that competition anthorities virtually across the globe might well have something to say about it. That threat will scarcely please a market which has had more than enough of anti-trust cliffhangers for the moment. But so long as investors are not asked to accept large quantities of Coats paper as well the possibility of monopoly problems, they could probably be persuaded to live with a deal at, say, 140p per share. Whether the bought-in Tootal management could live with the incumbents from Coats is another matter altogether. But Coats' shareholders had better hope it can; Tootal's recent results may not have been an outstanding success, but they certainly left Coats in the dust.

Trafalgar House

Trafalgar offered its shareholders yesterday a 33 per cent increase in profits, and free shares in a new oil and gas company; they responded with a 1p fall in the shares to 386p. While Trafalgar is trying to please hy simplifying the company, the market - somewhat perversely - is concerned that valuable balance is being lost, and that Trafalgar is going back to its roots in property. The first half figures reveal a lack of balance, hut do not



show it as a problem. Profits would not have moved at all without an unexpectedly big £30m rise in commercial property profits, hut according to the company, profits on that sort of scale can be reproduced for the next year or two at least. To those who share that confidence in the property market, Trafalgar shares seem a fair way of getting exposure to it.

Meanwhile the decision to spin off the oil and gas side is less fortunate. Instead of getting a nice cash injection, Trafalgar is actually having to commit funds to the new vehicle, pushing its gearing over 60 per cent. In principle it makes sense to float off the oil assets as they were not fully reflected in the share price, but in practice, the new company may not excite anyone enongh to justify the fuss of the flotation. It has been touted round for so long there can be little hope of a takeover, and with half its assets sprawled across the US, it would be surprising to see the market valuing it at *anything approaching* the £130m that the company vainly tried to sell it for.

Marks and Spencer

The time has come for investors to distinguish between good and indifferent retailers, and yesterday's results from Marks and Spencer and Monday's from Sears prove the point nicely. While Sears and many others are reporting lower profits from UK retailing, Marks and Spencer increased its profits last year by over 10 per cent. In a dreadful clothing market volumes grew over 6 per cent, and even margins moved up, due to a rather late discovery of technology. Above all, what distinuishes M and S is its brand name, its huge property portfolio, and good control on its costs. The 4 per cent rise in the shares yesterday recognised some of that, but a p/e of 12 for *a company* with one of the soundest prospects and most conservative accounts in tbe sector is not too much.

Unfortunately, no sooner out of the UK, all the natural advantages vanish, and M and S becomes at least as prone to slip np as anyone else. The £6m loss in Canada is probably mismanagement as mnch as difficult market, and the European shortfall is not encouraging either. The move into the US has diluted earnings by the predicted 2.5 per cent: so far there are few signs either way as to the wisdom of that move.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday May 10 1989

INSIDE

Japanese musclemen count the cost

Their muscle is legendary. But the fear the four major Japanese securities houses inspire in their European and US competitors may be somewhat misplaced, if the key measure of success is profitability. Norma Cohen looks at a surprising publication from Nomura which shows just what it has cost it, Daiwa, Nikko and Yamaichi to operate abroad. Page 32

Ismails have whale of a time

Call them Ismail. The story of the brothers, Hassam and Mamad, is a classic case of rags to riches. Nearly 60 years ago they left India for Madagascar, where they set up Société Commerciale de Tananarive. Today their two sons, Salim and Aziz, run a group with 8,000 employees and annual sales of nearly $50m. Paul Betts explains how the company has grown to be one of the largest in the Indian Ocean, managing cotton plantations and textile mills in Madagascar as well as a large fishing fleet specialising in shrimps. Page 30

Knotty problems for Tanzania

In the "good old days" Tanzania's sisal barons could afford to build castles on their estates and ship in Louis Armstrong to entertain them at their seaside club. But that all changed after the Arusha declaration of Julius Nyerere (left) nationalised most large estates in 1967, and the country's production of the crop declined from 220,000 tonnes to its present 30,000 tonnes. An effort is under way to revive tha industry — but it is not proving trouble-frea. Aidan Hartley reports. Page 38

Glaxo does some hard talking

Stop reading the tea-leaves and try a dose of hard science. This is what Glaxo, Britain's biggest pharmaceutical company, appears to be saying to the small army of analysts and fund managers attempting to monitor its progress. At a meeting last week it spelt out in some technical detail progress concerning products passing through the late stages of research and development. Peter Marsh looks at progress towards a "treasure trove" of 25 major new drugs. Page 37

Grandees and grand hotels

The periodic bid speculation that surrounds Trusthouse Forte, the British hotels group led by Mr Rocco Forte (left), has swirled up again over the past few days. But the company's fate rests in the hands of a crop of British grandees, sitting on an archaic body, who collectively have it in their power to block any bid. David Waller reports. Page 35

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Porsche	698	+	9
Nixdorf	309	+	2
Falls			
Bayer-Hypo	368.5	−	14.5
DLW	548	−	10
Hessel	561	−	11

NEW YORK ($)			
Rises			
Hilton Hotels	64⅜	+	1⅜
Millicom	42	+	3¾
Motorola	47⅝	+	⅞
Pan Am	5	+	½
Falls			
Avon Prods	36¼	−	⅝
NWA	104¼	−	½

PARIS (FFr)			
Rises			
USB	88	+	6
Aux D'Entreprises	1045	+	59
Crouzet	555	+	28
Falls			
Bail Equipe	341	−	12
Bafip	436	−	12
Credit National	1147	−	33

TOKYO (Yen)			
Rises			
[illegible] Ware	1270	+	140
Hitachizosen	815	+	70
Amada Metrecs	2580	+	220
Falls			
Shimura Kako	1000	−	90
Mazda	1810	−	120
Taiyo Kaken	810	−	40

LONDON (Pence)			
Rises			
AdmiralComp	190	+	9
Base	956	+	11
Brit Aero	612	+	9
Cable & Wire	519	+	5
Cons Gold	1326	+	10
Frost Grp	300	+	9
Greycoat	507	+	11
Hoskyns	440	+	30
Kingfisher	309	+	16
Ladbroke	586	+	5
Lloyds Bank	378	+	9
Lloyds Chem	190	+	10
Medeva	211	+	15
Norfolk House	213	+	13
RPS	150	+	15
Trusthouse Forte	312	+	5
Falls			
Airflow Stream	275	−	7
Anglia Sec	352	−	42
BAA	358	−	25
English China	482	−	12
McCarthy Stone	251	−	34
Nat Telecom	107	−	14
STC	333	−	11
Utd Biscuits	325	−	8

Nabisco to sell five divisions

By Nikki Tait

RJR NABISCO, the US foods and tobacco giant which was taken over by leveraged buy-out specialist Kohlberg Kravis Roberts in December, yesterday formally put up for sale its European biscuits and snacks companies.

The fiva companies are the first planned disposals to be announced by Nabisco since KKR gained control of the company. The sale of the businesses – already the subject of much speculation – will be via a "controlled auction", to be handled by Morgan Stanley, tha US bank, and Samuel Montagu, the UK merchant bank. Analysts in London predicted yesterday that the aggregate proceads might amount to about $2bn.

Financing arrangements for the $25bn KKR offer require debt repayments of more than $5bn by early 1990, and the company said that the current sale was part of the divestments intended to meet this target. The five businesses involved encompass the vast majority of Nabisco's European brands – except the Del Monte products, which are subject to separate evaluation by US investment bank, Goldman Sachs. Nabisco says no decision over them has yet been taken.

The five companies in the current auction comprise:

- Nabisco's UK biscuit business, which takes in Jacob's, Huntley & Palmer and Peek Frean. Its 1988 sales were £170m.
- Walker's Crisps, which has a 32 per cent market share in the UK with 1988 sales of £114m.
- Smith's Crisps, producing snacks, crisps and nuts through the likes of Quavers and Monster Munch, which had sales of £145m in 1988.
- Belin, based in Evry, France, with products ranging from sweet biscuits to snacks and savoury crackers, which had 1988 sales of FFr1.8bn (£167m).
- Genoa-based Saiwa, which sells biscuits and crackers in Italy. Its 1988 sales were L168bn (£72.8m).

No breakdown is given for profits of the individual businesses, but the aggregate pre-tax figure in 1988 – clear of any interest charges – was $137m.

Nabisco, which has owned most of the businesses for some time, is prepared to sell them separately, together or in any combination.

The auction procedure will depend to an extent on the level of firm inquiries. However, the first step will be to send out an initial offering memorandum to interested parties – once they have signed a confidentiality agreement – next week. Nabisco suggested that a three to six-month timescale for the entire auction process was about right.

It declined to comment on interest already shown in the businesses, beyond saying that it had been fairly extensive.

RJR NABISCO DISPOSALS

	1988 Net Sales
Biscuit Business UK	
Brands include Jacob's, Huntley & Palmer, Ritz	£170m
Walker's Crisps	
UK [illegible] leader for crisps	£114m
Smith's Crisps	
UK leading [illegible] of extruded snacks	£145m
Belin Group	
[illegible] biscuits, snacks, frozen pastry etc	£168m
Saiwa	
[illegible] biscuits and snacks	£72m

Mouth-watering monster munch for Europeans

Lisa Wood and Anatole Kaletsky examine the coming auction of RJR Nabisco's food businesses

THE prospect of owning a clutch of European brands, including Monster Munch, Crispy Tubes, Petit Coeurs and Ritz crackers, was whetting corporate appetites throughout much of the world yesterday.

The auction by RJR Nabisco, the food group taken over by Kohlberg Kravis Roberts, US leveraged buy-out specialists, of five snacks and biscuits companies – three in Britain, one in France and another in Italy – is the biggest voluntary disposal of food brands since the sale, started in 1986, by Hanson of Imperial Foods in Europe and SCM's foods division in the US.

Mr Michael Landymore, of Henderson Crosthwaite, the London stockbroker, said: "These sales represent a tremendous opportunity to acquire critical mass in the fast growing UK snacks market, and to e lesser extent the nascent Continental snacks market, as well as a useful number two ranking in the rather mature and very competitive UK biscuits market."

But he warned that KKR might be over-optimistic in the prices it wanted for some of the businesses.

United Biscuits, a possible bidder, which is committed to developing its presence on the Continent, has said it will not pay "fancy prices" that dilute earnings after the first year of acquisition.

With a collective price tag estimated by analysts to be in excess of $2bn the sale is the first divestment by KKR since its $25bn acquisition of RJR Nabisco in December.

KKR is committed to reducing its overall debt on the deal by $5.5bn by February 1990. Other disposals are likely to follow this year.

Mr Edward Glover, president of International Nabisco Brands, said yesterday in London that a decision on which businesses should be sold had taken some time, partly because Mr Louis Gerstner, the chief executive of RJR Nabisco, had only been recently appointed.

The businesses, with total sales of about $1.2bn, had been selected for sale for three main reasons, said Mr Glover. They were so good that KKR expected that the sale prices would be very attractive relative to the earnings they represented, they could be either sold together or separately and they had no major synergies with the US businesses identified for retention.

Once this money is raised, KKR is firmly convinced that it will have no difficulty in running RJR as a stable going concern, despite the furore last year about the risks inherent in the record-breaking leveraged buy-ont. According to KKR officials, there is virtually no chance of the firm selling Nabisco's core US biscuits operations in the future.

Mr Henry Kravis, KKR's senior partner, has said that he wants to hold on to a large proportion of RJR's food operations, in part because he does not want his firm's future to be excessively dependent on the politically risky tobacco business.

Another obvious reason for holding on to Nabisco US is its extremely strong market position. Nabisco controls 45 per cent of the US biscuit market, with a market share three times greater than the next contender's.

The jewel in the crown of tha five European businesses is Walker's, whose crisps are the number one brand in the UK, commanding a 32 per cent market share. Acquisition of this business in tandem with Smith's, the leading producer in the UK of extruded snacks, such as Monster Munch, would give a potential purchaser a serious presence across the UK snacks market, worth more than £1.1bn ($1.82) in 1988, and the biggest in Europe.

Frito-Lay, the US food subsidiary of PepsiCo, and Borden, the US food group, are both tipped as strong contenders for these two businesses.

Frito-Lay was keen on buying Golden Wonder when it was put up for sale by Hanson. It has established a bridgehead in the southern European snacks market and wants similar businesses in northern Europe.

However, the Office of Fair Trading could query the combined acquisition of the two British snacks companies, even though they now have a single owner.

Allied-Lyons of the UK, Bahlsen of West Germany and General Biscuit, part of France's BSN group, are three of the favoured contenders for the pedestrian British Nabisco biscuit company, the second largest producer in the UK market. Its brands include Jacob's biscuits and Ritz crackers. Bnt despite Nabisco investing heavily on new production plant, it has had little success in recent years in breaking UB's strong hold on the £1bn a year UK biscuit market.

UB, which controls Belgium's Westimex, a crisps manufacturer, and France's Sepa, a nut processor, is itself likely to be e bidder for the Continental businesses np for sale. Belin, with 9 per cent of the French sweet biscuit market, is seen as a particularly attractive business, appropriate to the strategic development of the likes of Northern Foods of the UK and Bahlsen.

Whoever emerges, it is clear that the battle for market dominance in Europe is wide open – in contrast to the US packaged food business, in which the market shares of the biggest companies have been remarkably stable for years.

Swissair tees off with the Danes

By Tim Dickson in Brussels

THE WAY in which golf has suddenly become big business in Europe was highlighted yesterday with the announcement in Brussels of a SFr100m ($58.8m) cross-border partnership and investment deal.

The agreemsnt centres on Euroactividade, the fast expanding holiday home and golf market company in which the non-air division of Swissair and the A.P. Moller Group of Denmark are to take a 23 per cent stake.

Moller, a leading industrial, airline, shipping and energy group, is making a cash investment of SFr50.3m. Swissair is receiving shares in Euroactividade in return for its International Golf and Country Residences (IGR) subsidiary, which owns a select number of top residential complexes and golf courses throughout Europe.

Mr Klaus Moeller, Euroactividade's chairman, promised yesterday that the company would "build up its business substantially in the next two or three years with an investment programme of over SFr500m."

He claimed that through the acquisition of IGR, which will add golf courses or playing rights in Ireland, Spain, Portngal, France and the US, the company wonld become the "market leader" in its sector in Europe.

Euroactividade, which is registered in Liechtenstein and quoted on the Zurich, Geneva, Luxembourg, Brussels and Amsterdam stock exchanges, was founded by Mr Moeller's wife Mrs Dorothea Moeller in 1970.

The Moeller family owns around 23 per cent of the company – with the balance on the "open market" – but Mr Moeller indicated yesterday that over the next five to 10 years, as the business expands, the family stake was likely to come down to "perhaps 5 to 10 per cent".

Net profits have grown steadily over the last four years and amounted to more than SFr7m on income of SFr38.2m in 1988.

Asked about the growth prospects for golf in continental Europe, Mr Moeller said there were few reliable statistics but he claimed that "only 10 per cent of the people who want to play the game are actually playing it at the moment."

He acknowledged the competition from Japanese investors – currently offering vast sums for golf courses in Scotland and elsewhere – and said that Euroactividade had recently been outbid for a course by a Jspanese rival "which was prepared to pay double."

IGR is shortly to launch a new "international membership certificate" which will give those prepared to pay SFr50,000 the right to play golf on any courses in the group (six at the moment, 15 "within the next few years") without paying green fees.

Coats seeks terms for Tootal bid

By Alice Rawsthorn in London

COATS Viyella, Europe's biggest textile group, has entered discussions to agree terms for a bid for Tootal, one of the leading players in the UK textile industry.

Tootal has been haunted by takeover speculation since late last year when it emerged thet Mr Abraham Goldberg, the Australian industrialist who bid unsuccessfully for it in 1985, was amassing a stake.

Mr Goldberg, whose merger proposals were dismissed by Tootal in January, has agreed to sell his 25 per cent holding to Coats, provided it can reach agreement with the Tootal board by midnight tomorrow. If Coats, which already owns 5 per cent of Tootal, cannot agree a deal by that deadline, it will accept a cash offer from Mr Goldberg, provided such an offer is made before the end of this month.

Tootal's share price, which has been buoyed by Mr Goldberg's holding, rose 2½p to 136p on the announcement yesterday. Coats' shares fell 4½p to 153p. City analysts estimate that Coats will have to pay about 140p a share, or £400m ($668m), to win Tootal.

Coats and Tootal first discussed the possibility of a bid last antumn, before Mr Goldberg disclosed his holding. The discussions have been led by Sir David Alliance, chairman of Coats, and Mr Geoffrey Maddrell, chief executive of Tootal.

Tbe companies' merchant banks – NM Rothschild for Coats and Morgan Grenfell for Tootal – were discussing the terms of a deal in London last night. Mr Goldberg is in London, awaiting the outcome.

The Tootal board said yesterday that it recognised the "commercial logic" of combining its business with Coats, providing there was e "coherent strategy" and "clear management structure" for the combined group.

Tootal has interests in UK textiles and vies with Coats for leadership of the world sewing thread market. Coats, the product of the acquisition of Coats Patons by Vantona Viyella in 1986, is also a powerful player in clothing and home furnishings in the UK. It is not clear if linking their thread interests would provoke e US or European monopoly investigation.

Tootal recently announced a 5 per cent increase in pre-tax profits to £42.3m on slightly lower sales of £491.5m for the year to January 31. Coats' profits slumped by 36 per cent to £135.2m on sales of £1.85bn last year.

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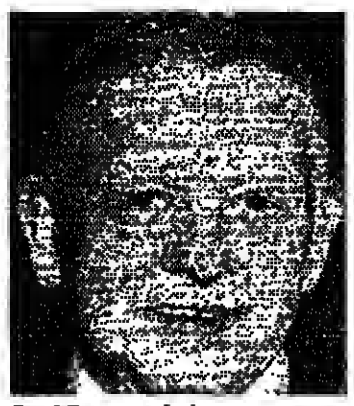
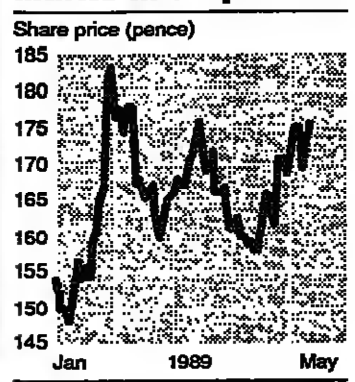


Lord Rayner, chairman

Marks and Spencer



Overseas side holds M and S to 5% increase

By Andrew Hill

FRENCH transport strikes, problems with its Canadian operations and tbe effect of increased interest charges following acquisitions in the US held back profits at Marks and Spencer in 1988-89.

But shares in the UK-based retail group rose 6p to 175½p yesterday, as the City applauded a better than expected performance in Britain, despite a slack retail climate and food contamination scares earlier this year whicb cost the group an estimated £10m (17m) in sales.

M and S unveiled pre-tax profits up 5.4 per cent to £529m in the year to March 31, compared with £502m in the 53 weeks to March 31, 1988. Turnover increased from £4.58bn to £5.12bn.

Mr Keith Oates, the company's finance director, pointed out that food sales in the UK had increased by nearly 9 per cent, if adjusted for the different periods.

Clothing turnover rose 8.1 per cent on the same basis, homeware sales by 7.4 per cent.

Canadian operations produced an operating loss of £8.9m for the 53 weeks, including store closure costs of £2.9m, compared with a profit of £4.8m in 1987-88.

M and S blamed overstocking, and an unsuccessful attempt to move into lower price prodncts.

The company said it was now refocusing its strategy in tbe country, where, it added, retailing conditions were notoriously difficult.

European operating profits decreased by 31 per cent from £17.3m to £12m as Christmas shoppers in France were kept at home by transport strikes. Turnover came down by 3 per cent from £132m to £128m, although sales showed a 3.7 per cent increase in local currency terms.

The UK company's two acquisitions in the US – the men's outfitter Brooks Brothers and Kings Supermarkets – were included for 11 months and seven months respectively, making £23.1m and £3.1m in operating profits. Earnings per share rose from 12.2p to 12.9p. M and S said the US acquisitions had diluted expected earnings per share by just under 2.5 per cent, about half a percentage point more than the figure forecast by the company when it bought Brooks Brothers.

Half tbe cost of the US acquisitions – about £233m – was financed from M and S's own resources and the balance from borrowings. Gearing of 27 per cent at the year-end pusbed up interest cbarges to £21.6m, against £5.6m in interest received in 1987-88.

The UK made operating profits of £535m against £488m, and North America and the Far East made £16.4m compared with £3.2m, boosted by Brooks Brothers and Kings.

Lord Rayner, M and S chairman, said higher UK interest rates would make retailing difficult in 1989-90.

"The Chancellor's measures are certainly biting in the south-east (of England). In the year ahead we shall unquestionahly have to work harder, but we are geared for that," he said.

Despite this, analysts marked up their profits forecast to about £575m before tax for 1989-90.

They were critical, however, of the performance of the overseas subsidiaries, where M and S does not have the advantages it has in the Britain of customer loyalty, low rents and strong huying power.

"M and S has this remarkable ability to withstand difficult trading conditions in the UK," said one analyst yesterday.

The company recommended s final dividend of 3.9p, making 5.6p (5.1p) for the year.

On Monday, another retailer, Sears, warned of a difficult year in 1989-90, when it announced profits had risen from £246m to £273m in the 12 months to the end of January.

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UBS urges sweeping Swiss reform

By William Dullforce in Geneva

SWITZERLAND'S biggest bank has come out in favour of fundamental changes in Swiss corporate practices that would open companies to foreign takeovers and force them to adopt policies more friendly to shareholders.

Swiss enterprises could not hope to isolate themselves from international mergers and acquisitions, Mr Nikolaus Senn, chairman of Union Bank of Switzerland, told the Swiss American chamber of commerce in Zurich.

His speech was one of the most powerful recommendations for further deregulation and international integration of Swiss business and finance since Nestlé, the Swiss foods group, announced last November that it would allow foreigners to buy its registered shares.

Reciprocity in stock ownership had to be granted to foreign investors, Mr Senn affirmed. Many Swiss enterprises had to rely on foreign acquisitions for growth and the European Commission bad already indicated that it could ban the Swiss from buying Community enterprises, should discrimination against foreign ownership be maintained in the Swiss company law now under revision.

Mr Senn was "less convinced" his arguments applied fully to financial institutions. He said be would not advocate special treatment for banks in Swiss corporate law but proposed that Swiss hanking authorities should hold a veto right over purchases of controlling interests in Swiss banks.

The legal framework that allowed Swiss companies to protect themselves against foreign control by registering only Swiss shareholders was now being questioned by Swiss investors themselves, Mr Senn said. They realised that it offered shareholders much less protection against management abuse than was available in other countries.

Nikolaus Senn: wants further deregulation

Changes in company law should clarify takeover procedures. Any purchase above 5 per cent of a company's outstanding shares should be publicly announced and bids for more than a third of outstanding shares should be made publicly to all shareholders.

With the top 10 Swiss companies selling on average 85 per cent of their products abroad, it was difficult to see that national interests or national security would be endangered by registering foreign shareholders, Mr Senn said.

Restrictive registration practices, the resulting fractured capital bases and poor, infrequent reporting were depressing Swiss share prices.

Improving company reports should be a first step. UBS had formulated measures to inform its shareholders better but the work was being slowed while waiting for clearer EC guidelines and the revision of Swiss corporate law.

Glaverbel boosts sales 16%

By Tim Dickson

GLAVERBEL, the leading flat glass producer in Benelux and third biggest in Europe, yesterday announced a 16 per cent increase in its 1988 consolidated sales to BFr23.86bn ($598m).

About 4 per cent of the overall total came from the first time contributions of Catapbote of the US and Ilved-Glaverbel in Italy.

Consolidated income from operations, before taxes and extraordinary items, rose from BFr2.6bn in 1987 to BFr2.76bn last year but the net figure (before minority interests) was up 24 per cent at BFr2.45bn.

The company said the results were achieved "after an increase of depreciation resulting from industrial investments" and after the absorption of additional financial charges stemming from Glaverbel acquiring a stake in AFG Industries, the second largest flat glass producer in the US.

Shareholders' equity after the proposed dividend payout of BFr66 per share, up from BFr48, has risen from BFr8.488bn in 1987 to BFr11.384bn.

Bührmann to raise Fl 180m

By David Brown in Amsterdam

BUHRMANN-Tetterode, the Dutcb paper and packaging group, is planning a one-for-10 rights issne, involving 2.9m shares to raise an estimated Fl 180m ($83.7m), to finance "future acquisitions."

The move, analysts say, may be a possible prelude to a hostile takeover bid for Ahrend, the Dutch office furnishing group with annnal sales of Fl 450m, in which Bührmann has built up a majority stake hut has been unable to establish voting control.

A hostile bid for Ahrend, should it materialise, would come in the middle of growing coutroversy over the Netherlands' highly-restrictive system of corporate anti-takeover dafences and a general upswing in hostile bids over recent months. Moreover, it could represent an important test case of the effectiveness of such defences.

Bührmann was adamant yesterday that the rights issue is totally unrelated to the Ahrend affair. Negotiations with the Ahrend board are continuing.

Bührmann also plans to dispose of its loss-making tissue and toys divisions, which together generated between 10 to 15 per cent of 1988's Fl 4.9bn turnover.

Bührmann said first-quarter turnover rose 22 per cent to Fl 1.2hn (up 15 per cent adjusted for group changes). The company added that it expects "further growth" in 1989 profitability. Last year, group net profit increased by 26 per cent to Fl 184m.

Stad Rotterdam in talks

By David Brown

STAD ROTTERDAM, the Dutch insurance group, is holding negotiations with several EC-based financial groups with the aim of concluding a strategic share-swap of up to 10 per cent before the end of the year.

Mr Luck van Leeuwen, chairman, would not specify which companies were involved in the talks, but said yesterday they would be outside the Benelux region and that the share-swap could be the prelude to an eventual full merger.

The medium-sized Dutch insurer has been expanding its activities over recent months in the Benalux region and hroadening its range of related financial activities.

Whila there is scope for further growth on the competitive Dutch market, Mr van Leeuwen said a "co-operation pact" is essential to Stad's ambition to play a European rather than strictly regional role on the EC insurance market.

Last year, Stad Rotterdam had premium income of Fl 1.92bn and nat profits of Fl 62m ($28.8m).

WestLB plans share issue

WESTDEUTSCHE Landesbank Girozentrale (WestLB), the West German regional bank, is to raise DM500m ($263m) by issuing common shares this year and another DM1.183bn through participation certificates (Genussscheine) in coming years, writes Our Financial Staff.

WestLB had said in December it would raise about DM1.5bn in 1989 to expand its capital base. The participation certificate issues will be placed in several tranches in the coming years. Shareholders will keep their holdings the same.

Bayer on course for another record year

By David Marsh in Leverkusen

BAYER, ONE of the Big Three West German chemicals gronps, appears on course for another record year after a 20.8 per cent increase in pretax group profits to DM960m ($503m) in the first quarter.

Mr Hermann Josef Strenger, chairman, said group turnover rose 13 per cent in the quarter to DM11.3bn, after a rise for the whole of 1988 of 9 per cent to DM40.5bn.

The company is profiting from the continued worldwide chemicals boom. Foreign sales – around 80 per cent of total business – rose 19 per cent in the quarter, with domestic sales up 6 per cent.

The relatively weak D-Mark helped this year's returns. Mr Strenger said 5 per cent of turnover growth was due to currency fluctuations.

Group pre-tax profits last year rose 23.2 per cent to DM3.78bn, and the dividend was increased to DM12 a share from DM10 (plus a DM1 bonus) in 1987. After-tax profit rose 23.6 per cent to DM1.91bn.

The improvement took pretax yield on turnover to 9.3 per cent, the highest since 1970. Capital investment rose 23 per cent to DM3.1bn. Investments are planned at DM3.4bn for 1989. Research and development expenditure rose to DM2.5bn.

For the first time, Bayer gave a breakdown of sales and profits according to region and business area. European turnover rose 5.3 per cent to DM27.2bn last year, contributing DM3bn of pre-tax profits. North American sales rose 9.4 per cent to DM7.2bn, making DM476m profit. Latin American sales rose 33.9 per cent to DM2.6bn, making DM130m profits.

Of tha DM4bn operating profit last year (up 22 per cent), polymers' contribution was DM385m (down 6 per cent), organic chemicals made DM701m (up 68 per cent), industrial products DM1.06bn (up 30 per cent), health care DM903m (up 34 per cent), agricultural chemicals DM295m (up 16 per cent) and information technology DM635m (down 8 per cent).

Daimler forecasts unchanged profits

By David Marsh in Stuttgart

DAIMLER-BENZ, the West German motor conglomerate, expects group profits this year to remain at around last year's level of DM1.7bn ($895m), Mr Edzard Reuter, chairman, said yesterday.

Daimler's car production is likely to drop this year as a result of a continuing environmental dispute hitting sales of diesel cars in Germany.

Group turnover rose 3 per cent to DM17bn in the first quarter, but the stock market reacted with disappointment to the news of profits likely to stagnate after last year's weakening.

Daimler-Benz shares were marked down in Frankfurt yesterday by DM12.50 to DM657.

Although the company, in tha midst of a political row over the takeover of Messerschmitt-Bölkow-Blohm (MBB), says the result remains satisfactory, Mr Reuter voiced clear disappointment yesterday over the diesel row.

Car production will fall this year to a planned total of 542,000 units from last year's 560,000, with diesel cars making up only around 20 per cent of domestic sales in recent months compared with usual percentages of up to 40 per cent.

Mr Reuter showed his irritation over a campaign against diesel engines in Germany over the last year on the grounds that diesel particles caused cancer and were responsible for smog. He called on the Government in Bonn to fulfil its promises over diesels and state unequivocally that the engines were safe.

Recalling that Bonn had earlier favoured diesel sales on the grounds of ecology, Mr Reuter said Daimler was asking itself how much trust it would place in future political statements.

Daimler will be making a capital increase through a rights issue to increase its capital resources in line with international standards.

Edzard Reuter: upset over diesel row

Mr Reuter said the the Deutache Aerospace division, formed to group its aerospace and defence activities, would have capital resources of around DM5bn bnt details would depend on whether and when tha MBB acquisition went through.

Generali shows growth

By Our Financial Staff

ASSICURAZIONI Generali, Italy's largest insurance group, boosted 1988 parent-company net profits to L340.1bn ($244.5m) from L254.2bn in 1987, and said it expects to report a consolidated attributable net profit of more than L500bn for 1988 compared with L420.5bn a year earlier.

The dividend for 1988 is L380 per share. This compares with L800 last year before a one-for-one scrip issue and a one-for-two rights issue.

Profits from life insurance jumped 64 per cent and profits from the non-life sector rising a steadier 11 per cent.

Group consolidated premiums rose 11.9 par cent to L10,871bn last year, with 36.1 per cent deriving from the Italian market.

In the non-life sector in Italy, theft and sickness insurance business performed better than the market average.

● Pirelli Tyre Holding, the new Netherlands-based holding company for the Pirelli group's tyre interests, lifted net consolidated profits from Fl 171m in 1987 to Fl 213m ($97.3m) last year on a pro-forma basis.

Trafalgar House to demerge oil unit

By Steven Butler in London

TRAFALGAR HOUSE, the property and construction group, yesterday said it would demerge and seek a separate stock market listing for its oil and gas subsidiary under the name Hardy Oil & Gas.

The decision follows Trafalgar House's failure to sell the division for what it considered an acceptable price. It had been trying get out of the oil and gas business since last August.

Trafalgar Honse also announced an strong increase in pre-tax profits in the six months to March, from £85.3m to £113.8m ($190m). Earnings per share were up from 13.7p to 18.0p.

Shares in Hardy Oil & Gas are to be distributed free of charge as a special dividend to Trafalgar House shareholders on the register at May 19, on the basis of one new share for every 10 Trafalgar Housa shares.

The new shares are to begin trading on May 26.

The assets of Hardy have a book value of £123.7m, and were recently valued by Robertson ERC, the oil consulting company, at £115.9m, including deductions for future tax liabilities which may be recoverable.

Offers for the company, however, are understood to have been far below these sums. Companies have been wary about the portfolio of US oil and gas interests, with many believing they are worth far less than the $99.8m valuation given by ERC.

Mr Eric Parker, Trafalgar House chief executive, said he believed the demerger would have a minimal impact of the price of the main Trafalgar House shares, which means the oil shares would amount to a bonus to shareholders.

Hardy has 18.8m barrels of oil reserves, and 173.3bn cu ft of gas in the UK and North America.

Current production is running at 5,600 b/d for oil, and 13m cu ft of gas a day, with pro-forma pre-tax profits in the year until the end of March at £4.6m.

Lex, Page 28; Results Page 34

US groups seek $1.4bn HDTV aid

By Louise Kehoe in San Francisco

AMERICAN electronics manufacturers are seeking a total of $1.35bn in government funding, loans and loan guarantees for an ambitious plan to rebuild the US consumer electronics industry and place the US in the forefront of high definition television (HDTV).

The proposal calls for an unprecedented level of industry collaboration and industry-government co-operation in the US. It was presented to Congress in Washington yesterday by the American Electronics Association, a trade group representing more than 3,500 US companies.

Key elements of the plan include government incentives for US companies to invest in advanced television technology development and production, strategic use of the broadcast standard to provide opportunities for US companies, and the establishment of a government-funded corporation to be known as ATV Corporation.

"A decisive, industry-led, governmant-supported advanced television strategy is needed if the US is to have a strong base in ATV and other high definition products and components," said Mr Todd Hixon, vice president of the Boston Consulting Group, which developed the plan on behalf of the industry group.

"The proposed ATV Corporation would monitor and guide development of a US-based ATV industry and supporting component industries, emphasising weak or threatened sectors," said Ms Pat Hill Hubbard, vice president of the AEA, who presented the plan to the Senate Committee on Commerce, Science and Transportation.

The ATV Corporation would be managed by a board of directors appointed by President Bush and Congress, representing industry, government and academia and would be chaired by an industry leader. The corporation would operate in co-operation with the National Institute for Standards and Technology (NIST), a Department of Commerce agency that is responsible for setting broadcasting standards.

ATV Corporation would act as a co-ordinating group, guiding the development of a US advanced television industry, administering a proposed $1bn in low-cost government loans and loan guarantees to US advanced television manufacturers.

The industry plan calls for the Defence Department to increase its funding of advanced television-related research projects from the current level of $30m to $100m a year for three years.

The Commerce Department should then provide $500m in direct loans and an additional $500m in loan guarantees to US-based industry participants to manufacture and market advanced television products, according to the industry proposal.

In addition, the plan calls for funding of $50m to the Commerce Department for the development of advanced television production and transmission standards.

To qualify for the loans, a single company or indnstry consortium would have to agree to contribute to building an "infraetructure for advanced television" by developing and manufacturing products or components related to HDTV in the US.

In addition, the companies would have to agree to buy most of their semiconductor components from US-based companies.

"The plan gives manageable dimensions to the re-entry of the US in the consumer electronics field via advanced television. It should be viewed as a platform presenting some real and viable possibilities," said Ms Hubbard.

Halliburton earnings hit by lull in exploration

By James Buchan in New York

HALLIBURTON, the US oilfield service and engineering group, reported a sharp decline in first-quarter earnings in the face of a drop in exploration for oil and gas in the US. But the company, based in Dallas, is banking on an upturn in the second half of the year.

The company, the second largest in the US oilfield service indnstry, said its net income from operations fell to $12.4m or 12 cents a share from $22.8m or 22 cents in the 1988 first quarter. A change in accounting policies resulted in reported net income of $13.7m or 13 cents a share against $31.8m or 30 cents.

Revennes rose 14 per cent to $1.2bn. Sales in the oilfield services business actually rose 17 per cent, to $557.6m, but this was wholly because of acquisitions. Overall, spending by customers declined because of uncertainty abont oil prices. There were 21 per cent fewer active drilling rigs in the US in the latest quarter than in the 1988 quarter, with a 15 per cent decline worldwide.

Mr Thomas Cruikshank, the chief executive, said: "We expect our oilfield markets to strengthen in the second half of 1989 as our customers increase spending, particularly for natural gas development in the US. As this occurs, our oilfield services group will benefit from improved operating margins."

Wall St braces itself for RJR junk bonds

By James Buchan in New York

WALL STREET is bracing itself for the sale this week of $4bn in speculative securities from RJR Nabisco, the tobacco and food group, in a financing that could mark a tumultuous coming of age for the upstart junk bond market.

Drexel Burnham Lambert, the investment firm which made high-yield and high-risk corporate bonds respectable, was yesterday eounding out professional buyers before pricing five separate issues of the highly complex securities. The bonds are designed to repay some of the short-term money borrowed by Kohlberg Kravis Roberts, a specialised investment firm, in its $25bn takeover of RJR last year.

Many on Wall Street believe the bonds are the best junk securities ever offered. But the sheer size of the underwriting, which will corner 10 per cent of the entire junk bond market for RJR alone, has rattled institutions and credit analysts.

Junk bond prices, under pressure because of new fears that the US is heading for recession, have been falling as investors clear out lower-quality bonds to make room for the new offering. RJR's existing bonds have also been out of favour. But as one arbitrageur said: "If IBM came up with a $4bn offering, its paper would be weak."

Drexel Burnham said yesterday it is sole-underwriting two $1.25bn issues of deep-discount and pay-in-kind 12-year bonds. To give KKR a grace period, these bonds pay no cash interest until 1994.

Merrill Lynch is co-underwriting three subordinated issues, which comprise $750m in cash-interest bonds, a $500m issue where the interest rate can be reset, and $250m in floating-rate bonds.

Ms Gloria Vila, a senior analyst at Moody's credit rating agency, said the bonds are attractive because of RJR's strong brand names and reliable cash-flows. "This is probably a soundly structured transaction," she said. The bonds are rated B1, which is high for speculative issues.

But yesterday, the $150bn junk bond market was showing signs of indigestion. RJR already has $11bu in junk bonds outstanding, comprising $5bn in high-grade debt transformed into junk by the takeover and $6bu in so-called "cramdown" paper paid to RJR's stockholders.

Banner to take over Fairchild in $400m deal

BANNER INDUSTRIES, the US aerospace and aircraft fittings group, is to acquire Fairchild Industries for $18 a share in a deal worth abont $400m, including debt refinancing, agencies report.

Carlyle Group, the US private merchant banking and investment firm, which has also bid for Fairchild, said yesterday it did not intend to raise its final offer of $17.50 a share for the aerospace group.

In a filing with the Securities & Exchange Commission, Carlyle said it submitted its improved offer, up from $17 a share, on Sunday.

In its deal, Banner has options to acquire Fairchild's aerospace fasteners division for $150m and about 2.2m newly issued Fairchild common stock for $18 per share.

Banner said it proposed to finance the acquisition from existing cash resources and senior debt financing.

Carlyle said it intended to explore all alternatives for its 14.9 per cent stake in Fairchild, including the sale of shares in the open market or privately through partiee interested in buying Fairchild, its secnrities or ite assets.

Clothing sales boost Wal-Mart

By Karen Zagor in New York

WAL-MART, one of the largest US retailers, yesterday reported a 29 per cent increase in first-quarter profits, on the back of a strong rise in sales.

Net income for the quarter to April 30 was $198.29m or 35 cents a share against $153.55m or 27 cents a year earlier. Sales were up 25 per cent at $5.37bn from $4.28bn.

Mr David Glass, president and chief executive, said: "First-quarter sales, driven by improved apparel sales and basic in-stock position, ran above plan throughout the period."

McCaw Cellular losses mount

By Roderick Oram in New York

McCAW Cellular Communications, a leading US cellular telephone service company 22 per cent owned by British Telecom, has reported a sharply higher first-quarter loss.

The net loss for the three months ended March 31 was $97.7m or 74 cents a share, against a net loss of $61.4m or 54 cents a year earlier. Revenues rose 50 per cent to $102.1m from $67.9m.

The company, based near Seattle, Washington, said the result was consistent with its plans, because many of its operations were still in a start-up phase. McCaw has borrowed heavily to buy up licences covering 50m potential customers, making it the largest franchise holder in the US.

Its long-term debt rose to $1.97bn at the end of the quarter from $1.85bn at the end of last year, pushing interest expense to $60.5m from $59.3m in the fourth quarter and $36.1m in the first quarter of last year.

Wall Street believes McCaw will not become profitable until late 1991 or early 1992. For all of last year McCaw lost $297m, against $88.7m a year earlier.

Its financial performance improved in the latest quarter, however, with operating cash flow (before depreciation, amortisation and interest) a positive $4.3m, against a negative $6.8m a year earlier.

Its number of subscribers, allocated to take account of those territories it owns with other operators, rose by 13 per cent to 257,000 at the first quarter's end from 227,000 at the end of last year.

BT paid $1.5bn earlier this year for its 22 per cent stake in McCaw, a price considered steep by many analysts. At the end of the first quarter McCaw had assets of $2.06bn, compared with $2.08bn at the year-end.

GIB in American DIY deal with Salomon

By Tim Dickson in Brussels

GIB GROUP, Belgium's largest retailer with a turnover last year of BFr170bn ($4.26bn), yesterday unveiled a do-it-yourself acquisition in the US which will bring its activities there close to 25 per cent of total sales.

The inveetment, which is being made jointly with the leading investment bank, Salomon Brothers, comes on top of last month'e $125.7m offer by GIB for full control of its American DIY associate, Scotty's, where it holds a 43 per cent stake.

Yesterday's deal will involve the $245m purchase by GIB and Salomon of Central Hardware Company, which owns 38 shops in the mid-west, principally in Missouri, Indiana, Ohio and Tennessee.

A new company will be set up in which Salomon will initially hold 55 per cent and the parent company of Handy Andy, where GIB is the 65 per cent majority shareholder, will take the other 45 per cent.

Under the agreement GIB has the right to buy a further 20 per cent of Central Hardware shares at any time over the next five years. Central Hardware turned in $350.7m sales in 1988 and after-tax profits of $18.9m.

GIB said yesterday the group saw US DIY activities as a "growing market" and that the new company would benefit from Central's "know-how."

Socota weaves an island fortune

The Ismail group is preparing to double its sales, reports **Paul Betts**

It is a classic rags to riches story, Indian-style. Nearly 60 years ago, Hassam and Mamad Ismail, two brothers, modest farmers, left Porbandar on the north-western coast of India for a better life in Madagascar.

There they set up a trading business in textiles and general goods called Société Commerciale de Tananarive (Socota). Today their two sons, Salim and Aziz Ismail, run one of the largest industrial groups in the Indian Ocean, managing cotton plantations and textile mills in Madagascar as well as a large shrimp fishing fleet. The group employs 8,000 people and has annual sales of nearly $50m.

The Ismails are now expanding and diversifying their textile business with a new FFr150m ($23.3m) textile weaving plant in Mauritius. They are also planning to develop in Madagascar their fishing business by invasting in new inland shrimp farms. "If all goes well, we should be doubling our turnover during the next few years with these new investments," said Mr Salim Ismail, who heads the family's *textile businesses while his* cousin Aziz runs the fishing operations.

With the new textile mill the Ismails are taking a calculated risk. The plant, which will produce 7m metres of finished cotton and polyester fabrics annually, is the biggest industrial investment completed to date in the island of Mauritius. Financed in part by the World Bank's International Finance Corporation (IFC) and the European Investment Bank, the plant marks a new phase in the industrialisation efforts of Mauritius.

After successfully developing a small-scale textile and garment export industry, Mauritius is now seeking to move up-market. Higher wages, full employment, and competition from other low-cost garment makers have increasingly forced Mauritius to develop better designed, more sophisticated, and higher quality textile products to remain competitive.

"There is no reason for a heavy textile industry to be more competitive in the Indian Ocean these days than in Europe," said Mr Ismail. "In the cloth production business, labour now accounts for less than 10 per cent of total costs. Indeed, European countries are *now importing more and more* finished garments from abroad and less and less cloth.

"Our bet is that by being close to our garment manufacturing customers in Mauritius, supplying them quickly with good quality textiles, we can enhance their competitiveness and their export opportunities especially in Europe," ha added.

The new Socota textile mill offers cnstomers fastar response times and much *greater flexibility in choice of* patterns, colours and cloths than has been available up to now in the Indian Ocean textile sector. The Ismails are also hoping to capitalise on the easy access to the EC market enjoyed by Mauritius as a member of the Lome Convention, as well as their own close connections with France.

Indeed, the Ismails are French nationals and are as often in Paris as they are at their Indian Ocean bases. France *is also* the biggest export market for the Mauritian garment and textile business absorbing about half the

island's total textile exports to the EC.

The Ismails, like the Mauritian authorities, are none the less worried abont the possible implications of an easing of EC trade barriers against rival Asian textile exporting countries which do not enjoy the advantages of the Lome Convention signatories. During tha *official opening of* the Socota mill, government officials in Port Louis expressed considerable concern over the expected intensification of competition in the European textile and garment market when the current multifibre agreements expire in two years time.

"It is one of the reasons why the local textile and garment industry must produce higher value added products. In the upper range of the market, price is not as important as quality and speed," *said Mr* Salim Ismail. "It is a race against time. Our new mill must reach its production cruising speed as smoothly as possible to be in a strong position to face the tougher competition of the coming decade."

Mr Ismail is also worried about the risk of overcapacity in the Mauritius *textile* business. A rival Franco-Moroccan textile venture called Woventex has recently embarked on a FFr300m textile mill investment in Mauritius with the active support of the local authorities. When it comes on stream next year, it is likely to put pressure on the local textile market and on Socota's investment.

But the latest generation of Ismails is showing all the pioneering spirit of its forefathers by plunging into a new industrial adventure in Mauritius. The Ismails have long been accustomed to taking risks. After all, although their substantial cotton and textile assets in Madagascar came under state control in the 1970s, they eucceeded after long negotiations in retaining overall management of the business with a minority equity stake of 27.5 per cent.

They are now betting that a greater degree of regional economic contacts will develop between various countries deep in the Indian Ocean keen to expand their exports to Europe and other western markets. With their footholds in both Madagascar and Mauritius and a increasingly visible presence in Paris, the Ismails feel they are now well placed to take advantage of this emerging climate of regional economic co-operation.

"We are investing in the long term in Mauritius," said *Mr Salim Ismail, who is* planning to build himself a villa overlooking one of the island's blue lagoons.

Rise in number of tourists helps Southern Sun profit

By Jim Jones in Johannesburg

A SHARP increase in the numbers of foreign tourists and improved local demand lifted room occupancy rates in the year to March for Southern Sun, South Africa's largest hotel chain.

Average room occupancy rates rose to 62 per cent from 53 per cent, and this contribuied to a strong improvement in operating margins. Turnover rose to R390m ($150.8m) from R314m while the operating profit before rent, interest and tax payments was lifted to R83.9m from R33.6m and the pre-tax profit increased to R21.3m from R5.9m.

Mr Bruno Corte, managing director, is worried that recent government action to cool consumer spending will affect local demand for hotel accommodation. He nevertheless forecasts a small increase in occupancy rate as foreign tourism is expected to continue growing.

He warns that this year's profit growth is unlikely to be as strong because of higher interest rates and pressures on operating margins.

Net earnings increased to 35.7 cents a share from 14.6 cents and the annual dividend has been lifted to 25 cents from 10 cents. Southern Sun is controlled by South African Breweries, the diversified beer and consumer products group.

Focus on fashion raises Edgars' net to R185m

By Jim Jones

EDGARS, one of South Africa's largest clothing retail chains, has lifted annual sales by more than a third but warns of the prospect of substantially lower sales growth during the current financial year.

The economy is expected to slow as the Government's austerity measures bite and this is likely to affect sales progressively, the directors say.

Turnover of Edgars, which is controlled by South African *Breweries*, advanced to R1.58bn ($611m) in the 53 weeks to April from R1.18bn in the preceding 52 weeks. This represents a growth of 20 per cent in real terms. The group's share of the national clothing, footwear, textiles and accessories market has risen to 15.5 per cent.

Pre-tax profit rose to R185m from R115m. The directors attribute the company's strong growth to a successful programme of opening new customer accounts and to a close focus on fashion. The fashion market as a whole grew by 9 per cent. The directors say Edgars' ability to outperform the sector's overall growth helped lift trading margins.

Net earnings rose to 221 cents a share from 139 cents and the dividend has been increased to 75 cents from 53.5 cents.

NZ bank slides into loss

By Our Financial Staff

DFC NEW ZEALAND, a privatised investment bank 20 per cent owned by Salomon Brothers of the US, yesterday unveiled a slide into loss for the year to March and announced its withdrawal from retail deposit taking.

After more than doubling loan loss provisions to NZ$95.0m (US$59.4m) from NZ$39.9m, the net loss was NZ$4.9m against profits of NZ$21.8m. Mr Keith Sutton, executive director, described the deficit as "understandable given the adverse domestic business conditions and continuing company failures in New Zealand."

Operating income was down at NZ$125.8m against NZ$146.9m. Mr Sutton said DFC was taking action to ensure that corporate lending returned to profitability. Personal deposit taking, which will end in June, is a very small part of DFC's total funding, he said, but has a high transaction overhead.

The remainder of DFC is owned by the local National Provident Fund.

Australian bank write-off

By John Elliott in Hong Kong

HONGKONG BANK of Australia, a snbsidiary of Hongkong and Shanghai Banking Corporation, has made a provision for losses amounting to about A$9m (US$7.2m) in its results for 1988. This follows a collapse in March involving one of its customers, National Safety Council, a company operating in the aircraft industry.

The provision was announced yesterday by Mr William Purves, the corporation's chairman at its annual meeting in *Hong Kong*. On March 22 the Australian bank was *informed that liquidators* had been appointed to part of National Safety.

Mr Purves said it decided to make a "substantial provision" against its exposure which reduced profit of the unit from A$21.9m to A$12.7m.

Mr Purves added that "In group terms the effect of this change is not material." In March the group announced profits of HK$4.3bn (US$553m) for the year to last December after tax and undeclared transfers to inner reserves.

INTERNATIONAL COMPANIES AND FINANCE

Big supplier starts to think small

Peter Marsh reports on a chemicals company's marketing switch

David Lawson is trying to teach his workforce to think small and expensive rather than big and cheap.

Mr Lawson is managing director of Manchester-based Sulphur Chemicals, part of the Courtaulds textiles and materials group. His company has embarked on a £20m programme to move its product strategy away from high volume, low value materials to goods made in tiny quantities but sold at high prices.

In many ways the changes at Sulphur Chemicals mirror what is happening in much of the chemicals sector in Western Europe, a £150bn-a-year industry that has recovered reasonably well from a poor period in the early 1980s.

While a decade ago many companies churned out large quantities of commodity materials generally confident they would find customers for them, increased competition and more fragmented markets have in the past few years forced the industry to steer towards more specialised product sectors in which the focus is on tailoring goods to customers' needs.

Such broad business factors – together with the need to think on a global rather than UK scale as a reflection of the increasingly international nature of the chemicals sector – hit home at Sulphur Chemicals about five years ago.

Until then the company, which has annual sales of about £15m and employs 150 people, had existed reasonably happily as a large-scale producer of a smelly and highly poisonous substance called carbon disulphide, a vital raw material for the viscose yarn of the type made in Courtaulds textiles plants.

Much of the output of the Manchester plant, which opened in 1917, was as a result geared expressly to satisfying the requirements of other parts of the Courtaulds group.

That cosy arrangement began to look fragile during the 1970s and early 1980s as Courtaulds' textiles factories faced with lower demands for viscose through competition from other fibres, cut their requirements for carbon disulphide. Other users of carbon disulphide, which can also act as an ingredient of cellophane film and artificial rubber, failed, meanwhile, to take up the slack in demand.

The position for makers of carbon disulphide has not improved and today the material – of which Sulphur Chemicals is now Britain's only producer – is very much a sunset substance with about 50 per cent overcapacity worldwide.

Around 1985 the outlook for carbon disulphide was already clear and Courtaulds realised it had to broaden activities at the Manchester site if the factory was to keep going. By then employment at the site had fallen by half from the 220 or so people who worked at the plant in the late 1970s.

As the first stage of a survival plan for the Manchester site Courtaulds authorised the construction of a £5m production unit at the site for turning out batch quantities of speciality chemicals for use in substances such as crop-protection compounds and drugs.

Many of these materials are, like carbon disulphide, based on sulphur (which the company imports mainly from Poland) but involve far more complex manufacturing steps.

The new plant, which has just started up, will probably make 600 tonnes of chemicals in its first year of operation – against the 90,000 tonnes a year capacity of the carbon disulphide facility on the site. The latter will continue to operate for the forseeable future, although probably with a reduced output – actual production now is about 40,000 tonnes a year.

Although output by volume of the carbon disulphide unit is certain to dwarf that of the new unit, there is a vast difference in the value of the materials from the two plants. While a tonne of carbon disulphide is sold for about £300, the same quantity of the chemicals from the new facility can easily fetch a sum 100 times higher.

Mr Lawson, whom Courtaulds recruited two years ago to run the Manchester site from an executive post at the Tootal textiles group, says the first stage of diversification went better than expected.

Materials from the new production unit are already being exported to Japan and the US. Customers include a number of big chemical companies including the US's Exxon and Squibb, Hoechst of West Germany, Beecham and Glaxo of Britain and Ciba-Geigy of Switzerland.

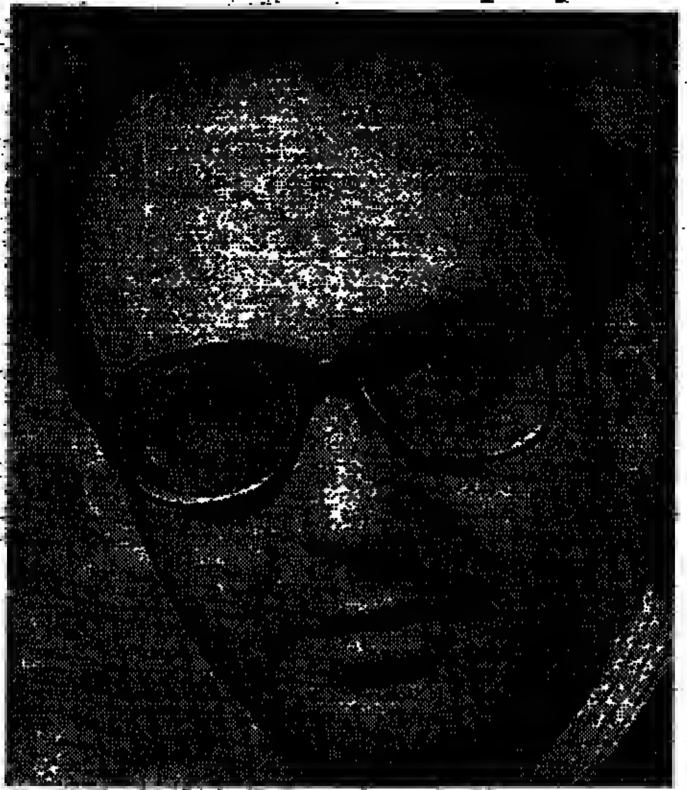
Mr Lawson is sufficiently confident to be talking about another £15m worth of investment at the Manchester site over the next few years to take the company farther along the road of speciality chemicals.

He also expects turnover to double and the proportion of production that is exported to rise over this period from one third to two thirds.

What of the changes for the people on the Manchester site? Mr Lawson, while he has retained some members of the management team which was at Sulphur Chemicals when he arrived, has brought in a number of new people to reflect what he says has been a requirement for "a complete change of philosophy."

"A few years ago we had a small group of established customers in the UK and there really wasn't much selling required," Mr Lawson says. "Now we have to be far more marketing-led and offer more of a technical service to customers."

This approach entails mapping out production requirements for potential purchasers of chemicals well before manufacturing starts. Sometimes it can involve an interaction between Sulphur Chemicals and an outside company during the design stage of a new drug or agrochemical. "That way we can be in on the ground floor of a new development," says Mr Richard Gray, operations manager at the site. He was recruited from Imperial Chemical Industries.



David Lawson: expects turnover to double

European consultancy planned by Indevo

By Robert Taylor
in Stockholm

PLANS ARE well advanced for the creation of a trans-national management consultancy company to rival the American giant McKinsey in the west-European market in the 1990s.

Mr Bertil Sjögren, chairman of the Swedish concern Indevo, said yesterday it hoped to announce joint ventures this summer with leading consultancy groups in France and West Germany.

It is also talking to a Spanish company with a view to setting up a joint venture.

This follows the recent annoucement that Indevo had reached agreement on a joint venture with Telos, the largest independent consultancy in Italy.

Mr Sjorgen added: "A major restructuring in the consultancy business is going on at the moment in Europe, and over the next three to five years we hope to have built up a strong alternative to McKinsey."

Indevo is seeking to expand its corporate financial activities through a complex financial arrangement with Infina AB, a leading Swedish financial group, which will acquire a majority of Indevo shares.

The new group will have combined assets of SKr5bn ($775m) and operate in the Nordic region as well as Britain, Spain, Switzerland, Singapore and the US.

Mr Sjorgen said the company hoped that the current expansion would enable it to make a flotation on the London Stock Exchange sometime next year.

Indevo has a wide range of business customers in Sweden. They include Volvo, Asea Brown Boveri, SKF, and leading banks.

Its Italian partner Telos has Fiat, Alfa Romeo, Olivetti and Cinzano on its portfolio of clients.

Southam profits rise sharply

By Our Financial Staff

SOUTHAM, the big Canadian communications group, is raising its quarterly dividend from 16 cents to 20 cents a share following a sharp profits rise.

Net earnings for the first quarter rose to C$23.7m (US$20) or 40 cents a share, compared with C$17.2m a year earlier, on revenues of C$411.3m against C$398.1m.

Mr John Fisher, Southam's president and chief executive, forecast that this year's net earnings would rise at a rate at least equal to that of the first quarter.

He said the company's Financial Times of Canada business paper should begin reporting a profit "sometime within the next 24 months." However, he expected it to continue losing money this year.

Losses at the newspaper, which underwent a facelift last year, contributed to a decline in operating income at Southam's Business Information and Communications Group during 1989's first quarter, Mr Ronald Kovas, group president and chief executive, told the meeting.

Nevertheless, Mr Fisher said Southam remains committed to Financial Times of Canada.

"We don't intend to back off on it," he said. "We're in it for the long haul."

Mr Fisher said he did not expect a merger of Torstar and Southam, following the termination next year of a standstill pact between the two publishing companies.

"I don't think so," he said. He also noted that if the two concerns combined the resulting concentration of newspaper ownership would likely be "unacceptable" to Canadians.

● St Lawrence Cement, controlled by the Swiss Holderbank Group, continues to post record earnings because of strong construction activity in Ontario, Quebec and the North Eastern US, Robert Gibbens in Montreal reports.

The first quarter – normally its lowest because of winter – showed net profit of C$3m or 7 cents a share. This was up from C$2.1m or five cents a year earlier, while revenues rose to C$107m from C$97m in the same period a year earlier.

BP Canada, which is now mainly an upstream oil and gas producer, earned C$8.4m or 17 cents a share in the first quarter. This represented a rise of more than 350 per cent from C$2.2m or 4 cents a share in 1988.

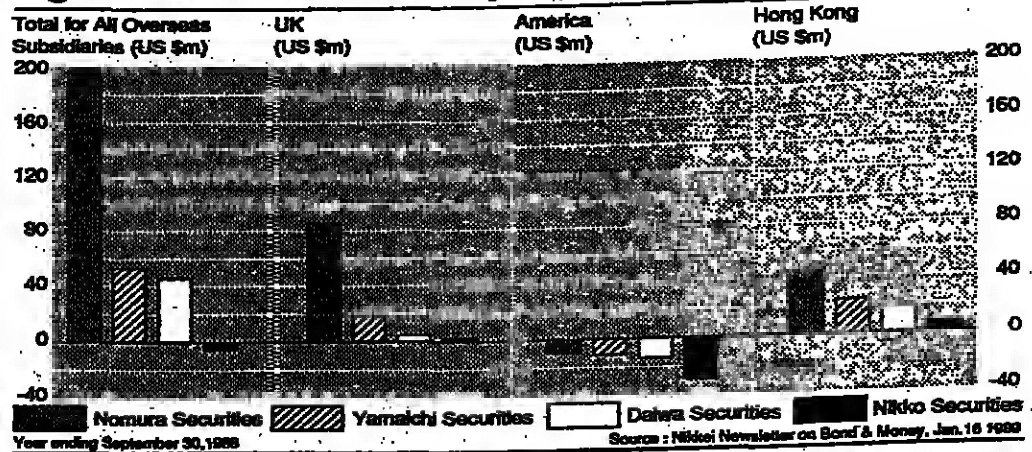
Revenues were up 24 per cent to C$92m. Capital spending for this year will drop sharply to C$177m, however, reflecting the fact that its Newfoundland gold mine and mill are now complete.

INTERNATIONAL CAPITAL MARKETS

Japanese brokers flag overseas

Norma Cohen on the high cost of foreign expansion to the Big Four

Big four securities houses : pre-tax profit / loss



Year ending September 30, 1988

Source : Nikkei Newsletter on Bond & Money, Jan. 16 1989

The legendary muscle of the four leading Japanese securities firms and the fear they inspire in their European and US competitors may be somewhat misplaced, if the key measure of success is profitability.

Indeed, some insights into just what it has cost the four top houses – Nomura Securities, Daiwa, Nikko and Yamaichi – to operate abroad are contained in a surprising publication recently prepared by Nomura.

Japanese securities houses, like most overseas firms operating in London, are not given to freely informing the public about their profits and losses unless required to by law. Even the companies' annual reports do not break down profits and losses of subsidiaries.

As a rule, the only information about how well Japan's Big Four are doing in Europe is gleaned exclusively from filings at Companies House required by UK law. And, of the Big Four, Nomura and Daiwa have not yet filed annual earnings for the year ended September 1988 even though they are supposed to do so within three months of closing their accounts.

Not surprisingly Nomura's new guidebook shows the profitability of its overseas operations dwarfing those of its three smaller competitors.

The Japanese have apparently found it the roughest going in the American markets, with all four firms posting substantial pre-tax losses in the year to last September – *a period that admittedly* includes the 1987 stock market crash. Nomura, for instance, lost $15m, more than either Daiwa Securities or Yamaichi Securities, which lost $11m and $13m respectively.

Nikko Securities sustained the largest losses in the US, showing a pre-tax shortfall of $31m for that year. The loss was sufficient to make it the only one of the four to show an overall loss – of $8m – overseas for the year.

Nikko said it had been more heavily involved in US equities than its competitors and also sustained losses in a fixed-income arbitrage unit that has since been closed down. The firm has since also sharply pared its US equities business, as has Nomura.

Furthermore, according to Mr Steven Axilrod, Nikko's US executive director, the US subsidiary has eradicated losses for the six months ended March 1989, earning a slight profit.

Another perspective on the subject is gained by looking at these overseas operations against the backdrop of the *parent companies.*

For instance, Nomura scored pre-tax earnings of $198m for its consolidated overseas subsidiaries against after-tax earnings by the parent company of $1.49bn. Daiwa showed pre-tax overseas profits of $53m, paltry when seen against the $907m after-tax earnings of the parent company. Similarly, Yamaichi's $46m pre-tax profits compare with the post-tax $608m of the parent company.

Nikko, which posted overseas pre-tax losses of $8m, had parent company profits of $633m.

Available data also suggests that in the Euromarkets, despite the obvious boost to profitability from underwriting Japanese equity warrant bonds, it is getting increasingly difficult for the Big Four to earn money.

Data filed with Companies House in London, for instance, shows the steady decline in profits experienced by some firms.

Nomura shows a drop in after-tax profits for its UK operations in the year ended September 1987 to £42.1m ($70.5m) from £47.2m the year before. Nikko, which paid no taxes on ordinary activities in any of the previous three fiscal years, also shows a steady decline in profits. Its 1986 earnings of £18.1m fell to £8.9m in the year ended September 1987 and to £1.4m in fiscal 1988. A Nikko official said that part of the latest setback reflected the high cost of moving to new, larger premises – an explanation also offered by Daiwa.

Daiwa shows after-tax profits for the year to September 1987 at £6.6m – which includes a £1.5m tax credit – down from 1986 after-tax profits of about £30m.

Yamaichi, which has filed its 1988 fiscal year returns at Companies House, shows after-tax profits for that period of £6.6m, down sharply from £24.3m the year before. However, the firm's 1987 profits do reflect a sharp increase from the £5.8m recorded in 1986 when Yamaichi lagged well behind its larger competitors.

Of course, the intense competition in all these markets has made business tough for everyone. Pressure to cut commissions and fees and to underwrite loss-leading business to gain market share has proved an expensive exercise all round. But one thing is sure – the Japanese are not having a free ride.

New contract for Montreal Exchange

By Robert Gibbens
in Montreal

THE MONTREAL Exchange, the country's second-largest securities market, is launching a 10-year government bond futures contract in September and may also introduce an option contract based on the bond futures.

Marketing the new contract internationally will be a key factor in its success, said Revco Futures Canada, which plans to promote the new bond contract. A number of domestic dealers are committed to support it.

● Desjardins Credit Union, the largest Quebec-based financial institution, is moving into full-service securities trading and is linking up with rival house Deragon Langlois via a C$10m (US$8.45m) deal.

Desjardins has 1,350 branches and 10 affiliated subsidiaries. It plans to develop an active role in securities trading.

Paris bank loses licence

THE BANK of France has decided to withdraw the banking licence of United Banking Corp (UBC), a *Paris-based* bank owned by Lebanese interests, AP-DJ reports.

The decision had been widely expected following the central bank's appointment of an administrator for UBC last month. The official shut down the bank's operations to prevent preferential treatment being given to some creditors.

Mr Antoine Obegi, UBC's managing director, and one of the bank's executives were arrested in mid-April and charged with mismanagement of bank funds. Project Holding Sal and Société Libanaise d'Investissement International, Lebanese companies, own 51 per cent and 49 per cent respectively of UBC.

The Bank of France said provisions needed to cover potentially bad loans, together with losses associated with illegal activities, would exceed FFr300m ($46.9m).

OSE introduces options trading

THE OSAKA Stock Exchange (OSE) will start options trading based on the Nikkei Stock Average on June 12, AP-DJ reports.

The Tokyo Stock Exchange also plans to introduce options trading based on the Tokyo Stock Price Index (Topix) in the final quarter of this year.

Correction
Emhart Corporation

IN AN article on Monday, the company being acquired by Black and Decker Holdings was incorrectly identified. The correct name of the company is Emhart Corporation.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 9

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅜ 95	600	98⅝	99	-0⅛	+0¾	9.62
Austria 9⅜ 93	140	99⅝	100⅛	+0⅛	+0½	9.65
B.F.C.E. 7 92	150	93	93⅜	0	+0⅛	9.83
B.F.C.E. 9⅛ 95	150	97⅛	98	-0⅛	+0⅝	9.71
Brit. Tel. Fin. 9⅛ 98	250	97½	98	-0⅛	+0⅝	9.73
Campbell Soup 9⅛ 93	100	†96⅝	96⅞	-0⅛	+0⅛	10.07
Canada 9 96	1000	98¾	99⅛	+0½	+0¾	9.17
Canadian Pac 10⅛ 93	100	†101½	102⅛	+0⅛	0	10.11
C.C.C.E. 9¼ 95	300	97⅞	98⅜	0	+0⅝	9.67
C.N.C.A 9⅛ 93	150	98½	99	+0⅛	+0⅛	6.70
Credit Lyonnais 9 91	200	†98⅛	98⅝	0	+0¼	9.90
Credit National 8¼ 93	200	95⅜	95½	0	+0½	9.71
Credit National 7⅜ 92	100	94	94½	0	+0⅛	9.70
Credit National 9½ 92	160	99¾	100⅛	+0⅛	+0⅛	9.47
Dai-Ichi Kan 9⅛ 92	150	99⅛	99½	-0⅛	+0⅛	9.86
Denmark 7⅛ 92	500	93⅛	93⅝	-0⅛	+0½	9.91
E.E.C. 7 91	100	93⅛	94⅛	0	+0⅜	9.65
E.E.C. 7¼ 93	250	92⅛	92⅝	-0⅛	+0⅛	9.72
E.E.C. 10 93	140	101	101⅜	-0⅛	+0⅛	9.63
E.I.B. 7⅜ 93	100	92⅛	92⅝	0	+0⅜	9.70
E.I.B. 9⅛ 97	150	98⅝	99	+0⅜	+1	9.56
Eurofima 10⅛ 93	100	†101½	101⅞	-0⅛	+0½	9.59
Elec. De France 9 98	200	95⅝	96⅛	0	+0½	9.71
Finland 7¾ 97	200	90⅛	90⅝	0	+0⅜	9.66
Finn. Exp. Cd. 8½ 92	200	96⅛	96¾	0	+0⅛	9.90
Finn. Exp. Cd. 9⅛ 95	200	97⅛	98⅛	+0⅛	+0⅛	9.78
Ford Motor Credit 8 91	250	†96½	97	0	+0⅛	9.97
Ford Mtr. Credit 10 92	200	†100½	101	0	+0½	9.67
Gen. Elec. Cap. Corp. 9 93	500	†97	97½	0	+0⅛	9.75
Gen. Elec. Cap. Crp. 10 1/2 91	300	101	101⅜	0	+0⅛	9.70
Gen. Mtrs. Corp. 9⅛ 92	200	97⅜	98	-0⅛	+0⅜	10.01
IBM Credit Corp. 8¾ 91	250	98⅛	98½	-0⅛	+0⅛	9.66
IBM Credit Corp. 9½ 92	250	99⅜	99¾	0	+0⅜	9.63
Italy 9½ 95	1000	98¾	99⅛	0	+0⅜	9.69
Italy 9⅝ 99	1000	†99	99½	+0⅛	+0¾	9.74
L.T.C.B of Japan 8 91	100	95⅞	96⅜	0	+0½	10.02
L.T.C.B. of Japan 9⅛ 92	200	98⅜	98⅝	-0⅜	+0⅛	9.78
Metropolis Tokyo 9½ 93	200	99½	100⅛	-0⅛	+0⅛	9.55
Nippon Tel.&Tel. 9⅛ 98	250	98	98½	+0⅜	+0¾	9.65
Norway 8¾ 93	500	97	97½	0	+0⅜	9.63
Portugal 8⅛ 91	300	†96½	97	0	+0⅜	10.22
Prudential Crp. 8¾ 94	125	96¾	97⅛	0	+0¾	9.46
State Bk S Aust 9¼ 93	100	†97⅜	98⅛	0	+0⅝	9.89
Sumitomo Bank 9⅝ 92	150	†99⅛	99⅝	+0⅛	+0⅜	9.81
Swed Exp Cred 7¼ 91	100	†94⅝	94⅞	+0½	+0½	9.65
Sweden 7 91	250	94⅜	94⅜	0	+0⅛	9.69
Sweden 8¼ 96	200	95⅜	96⅛	-0⅜	+0⅜	9.59
Sweden 8½ 92	200	†96⅛	96⅝	0	+0⅛	9.77
Toyota 9½ 91	200	99	99⅜	0	+0½	9.85
Victorian Rep 11⅛ 92	150	103⅝	104⅛	0	+0½	10.00
World Bank 7 92	300	†93⅛	94⅛	0	+0½	9.58
World Bank 9 97	300	96⅜	96¾	-0⅛	+0⅜	9.62
World Bank 9 95	300	98⅛	98⅝	-0¼	+0⅛	9.47
World Bank 9⅛ 98	300	97¼	97⅝	-0⅛	+0½	9.64
World Bank 9⅛ 99	500	99⅛	99⅞	-0⅛	+0½	9.65

Average price change... On day +0 on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	95⅜	95⅞	+0¼	-0⅛	6.99
Austria 6¼ 99	750	97⅛	97⅜	-0⅜	-0⅜	7.14
Bank of Tokyo 5¾ 93	100	96⅛	97⅛	0	0	6.66
Commerzbank o/s. 5⅜ 93	300	94⅝	95⅝	0	-0⅜	6.91
Credit Foncier 6⅜ 99	500	97	97⅛	-0⅜	-0⅜	8.20
Degussa Int. 6⅛ 97	200	95	95⅜	0	+0½	6.88
E.I.B 5½ 98	150	89½	90⅛	0	-0⅜	7.06
E.I.B. 6¼ 99	600	93⅞	94½	-0⅛	-0¼	7.10
E.I.B. 6⅛ 96	300	94½	95¼	-0⅛	-0¼	7.06
E.I.B. 6½ 99	300	95¼	95¾	-0½	-0½	7.15
E.I.B. 6¾ 95	300	99¼	99¾	-0¼	-0⅜	6.96
Euro. Coal & Steel 5¾ 97	175	92⅝	93⅛	-0¼	-0⅛	7.09
Eurofima 6⅛ 96	100	94⅞	95½	+0⅛	-0⅝	7.12
Elec De France 5¾ 97	300	93⅜	93⅞	-0⅜	-0⅛	6.82
Forsmark Krtg. 5⅛ 93	200	93⅛	93⅛	0	-0⅛	7.17
Hydro-Quebec 6¾ 99	300	97⅛	97¾	-0⅛	-0¼	7.13
Japan Dev. Bk. 5⅛ 95	300	93½	94¼	-0¼	-0⅛	6.65
Japan Finance 5⅜ 97	100	92⅛	92⅞	0	0	7.03
Ireland 6½ 97	300	96½	96⅞	+0½	-0⅜	7.07
Malaysia 6¼ 94	150	97⅜	98⅜	-0⅜	-0¼	6.72
Nat. West BK. PLC 6 98	300	92⅜	93⅛	-0⅜	-0½	7.12
N.H.L. Finance 6⅛ 95	200	†95½	96	-0⅛	-0½	7.08
Nippon Telg.&Tel. 6 95	400	95⅜	96⅛	-0¼	-0⅛	6.38
Oesters. Kontbk. 5 95	300	94⅜	95⅛	-0¼	+0⅛	6.63
Portugal 5¼ 92	150	97⅝	98⅝	0	-0¼	6.44
Portugal 6⅜ 95	150	98½	99⅛	-0½	0	6.87
Privatbanken 5⅛ 93	150	93¾	94⅜	-0⅛	-0⅛	7.06
Royal Insurance 5½ 92	300	96⅜	97	+0½	-0¼	6.76
Soc. Cent Nuclear 7¼ 95	150	100¼	101	-0½	-0⅜	7.11
Turkey 6¼ 95	500	95¼	96⅛	-0¼	-0⅛	7.40
Union Bk. Finland 5½ 94	200	94	94½	-0¼	-0⅛	6.97
Westlb. Finance 5 93	200	†93	93½	0	-0⅛	7.07
World BK. 6¼ 97	600	94⅝	95½	-0½	-0⅛	7.45

Average price change... On day -0¼ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5 96	150	†91½	92	-0¼	+0½	6.46
Asfinag 5 03	100	†87	87⅛	-2⅞	-4⅜	6.40
B.F.C.E. 4½ 98	200	†89	89½	-0¼	-1½	6.06
B.M.W. Fin. Neth. 5 13	150	†86⅛	86¼	-0¼	-1½	6.07
Britannia B/S. 4¼ 94	100	†90¼	90½	-1¼	-2¼	6.53
CIR. Int. W/W 3 93	125	†90	90¼	0	-2¼	5.71
Credit Lyonnais 4¾ 00	100	†84¾	85	+1⅛	-3⅛	6.73
E.I.B 4⅝ 98	150	†88	88½	-0⅜	-2	6.36
Fletcher Chall. 4¾ 98	150	†88	88¼	-0¼	-0⅜	6.68
Kobe City 4⅜ 98	150	†90	91	0	-0⅛	6.00
Leeds Perm. B/S. 4⅛ 93	200	†91	92	0	-1⅛	6.65
Malaysia 5¼ 98	100	†89¾	90	-1¼	-4⅛	6.76
Maxwell Comm. Crp. 5 95	150	†88	89	-1	-2¼	7.40
Nat. Bk. Hungary 5½ 94	75	†96	96¾	0	0	6.28
Nationwide Ang. B/S. 4 93	200	†90½	92	-0¼	-1	6.49
Nippon Telg.&Tel. 4¼ 95	200	†94	94¼	0	+0⅜	5.37
Oesters. Ktbk. 5 03	75	†90	92¼	-0⅞	-1⅞	5.94
Prov. Newfoundland 5 03	150	†89⅞	90	+0¼	-0⅜	6.06
Thailand 4⅜ 95	200	†91	92	0	+0¼	6.33
World Bank 5 03	150	†84½	87	-1⅞	-4	6.57

Average price change... On day -0⅛ on week -1⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅛	101⅞	-0⅛	0	5.06
Canada 5⅝ 93	80	101⅞	102⅛	0	+0⅛	5.08
Eurofima 5 1995	20	99	99½	0	0	5.15
E.I.B. 4⅞ 93	30	98⅞	99⅜	0	+0⅛	5.16
Ireland 5⅛ 93	30	99⅞	100⅞	-0⅛	+0¼	5.05
Norway 5⅛ 95	50	99⅞	100⅛	+0⅛	0	5.12
Sweden 4⅞ 93	50	98	98⅛	0	0	5.15
World Bank 5⅛ 98	10	98⅛	99⅛	-0⅛	0	5.27
World Bank 7 94	20	107¾	108⅛	0	+0⅛	5.13

Average price change... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10¼ 93 £	50	94½	95¼	-0⅜	-0⅜	12.03
Abbey Nat. 11⅝ 93 £	100	98⅜	98⅞	-0¼	0	11.94
Alg. Bk. Ned. 5½ 92 FL	150	95⅛	95⅝	-0⅛	-0⅜	7.39
Alg. Bk. Ned. 5¾ 93 FL	200	95¾	96¼	-0⅛	-0½	6.96
Austria 7½ 94 ECU	100	95⅛	95⅝	-0¼	0	8.69
Bk. Nova Scot. 14⅜ 90 A$	75	96	97	0	0	16.93
Barclays Aus. 13½ 91 A$	100	97⅛	98⅛	-0⅛	-0⅜	14.41
Belgium 8⅛ 94 Ecu	150	97⅛	97⅝	-0⅛	-0⅛	8.80
BP Capital 9½ 93 £	100	93⅞	94¼	-0⅜	-0½	11.73
British Airways 10 98 £	100	91½	92	-0⅜	-0⅛	11.52
Buhrmann-Tet. 6½ 93 FL	100	96⅜	97⅛	-0⅛	-0⅛	7.26
Comm. Bk. Aust. 12⅝ 93 A$	100	†92½	93	-0⅛	+0⅛	15.14
Coop. Ctr. Rabo. 6⅛ 93 FL	100	98⅛	98¾	-0⅜	-0½	6.71
CrLocalFrance 9⅛ 92 Ecu	100	101¼	101⅞	0	0	8.66
Deut. Bk. Aus. 13⅜ 93 A$	125	99	99⅛	0	-0½	13.54
Eastman Kodak 13 90 A$	100	95⅜	96⅛	+0⅛	+0⅛	16.60
E.I.B. 7 96 LFr	100	†97⅛	98¼	+0⅛	+0⅛	7.43
Elec. France 10⅛ 95 C$	125	†96⅛	97⅛	-0⅛	-1⅛	10.94
Eurofima 7⅜ 94 Ecu	100	96	96½	+0⅛	-0⅛	8.61
Fed. Bus. Dv. Bk. 9¾ 92 C$	75	†97⅛	97⅞	-0¼	+0¼	10.78
Fed. Bus. Dv. Bk. 10½ 93 C$	50	98⅛	99⅛	-0⅛	+0½	10.79
Ferrv. Stato 7¼ 93 Ecu	100	95⅛	96⅜	-0⅛	0	8.92
Ford Cr. Can. 10¼ 93 C$	100	†91	91½	-0¼	-7⅛	13.84
Ford Cred. Can. 10⅛ 96 C$	125	99⅛	100⅛	-0⅛	+0⅛	10.89
Ford Mtr. Cred. 7⅞ 93 Ecu	100	96⅛	97⅛	-0⅛	-0⅛	8.87
G.M.A.C. 9¾ 93 C$	150	†95⅞	96⅜	-0⅛	+0⅜	11.00
Hydro-Quebec 11 99 C$	400	101	101¼	-0½	+0⅛	10.79
Lloyds Bank 10⅛ 98 £	150	92½	93	-0⅜	-0⅛	11.59
Lloyds Bank 11⅜ 98 £	100	96	96½	-0½	-0½	12.05
Montreal Tst. 10⅜ 93 C$	100	†98⅛	98⅜	-0¼	+0¼	11.23
Morgan Guar. Tst. 11 91 C$	150	99⅞	100⅛	-0¼	+0¼	10.91
Nat. Aus. Bk. 14⅜ 94 A$	100	99	99½	+0⅛	0	14.93
Ned. Midd. Bank 6 92 FL	150	96⅜	97¼	-0⅛	-0⅛	7.18
New Zealand 9⅛ 93 £	100	92⅜	93⅛	-0⅛	-0⅛	11.85
Philips Gleoil. 6 93 FL	300	93⅛	96⅜	-0⅛	-0⅛	7.08
Privatbanken 7⅛ 94 LFr	500	†98¼	99⅛	-0⅛	+0¼	7.81
Royal Bk. Scot. 10⅛ 98 £	125	94½	95	-0⅜	-0⅛	11.64
Saskatchewan 9⅞ 91 C$	150	†98	98½	-0⅛	+0⅜	10.77
Saskatchewan 10⅛ 93 C$	200	98	98½	-0¼	+0⅛	10.72
State Bk. NSW. 13⅛ 93 A$	100	96⅛	97	0	+0⅛	14.83
Sweden 15 94 A$	100	102⅜	103⅜	0	-0⅛	14.11
Union Bk. Switz. 7½ 93	150	†97	98	0	+1⅛	8.16
World Bank 5⅜ 92 FL	100	97⅛	98	-0⅛	-0⅜	6.62
World Bank 13⅛ 92 A$	100	100½	101	0	0	13.02
Zentrspk. 13¼ 93 A$	75	†99⅞	100⅜	0	+2¼	13.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.96	100.02	18/07	13.08
Bank of Greece 99 US	0⅛	99.37	99.48	8/09	10.62
Belgium 91 US	0	100.17	100.32	19/08	9.38
Chelt. & Gloucester 94 £	.063	99.85	99.89	30/05	13.47
Credit Foncier 98 US	.063	100.14	100.24	20/10	10.16
Dresdner Finance 99 DM	.031	99.85	99.95	27/07	6.59
EEC 3 92 DM	0	100.66	100.76	20/08	5.63
Halifax BS 94 £	.1	100.02	100.07	9/05	13.1
Invt. in Industry 94 £	0¼	100.00	100.10	24/05	13⅛
Leeds Perm. B/S. 94 £	0½	100.10	100.15	13/07	13.34
Midland Bank 01 £	.1	97.97	98.38	15/05	13.16
Milk Mkt. Brd. S 93 £	0⅛	99.97	100.02	30/06	13.06
New Zealand 5 97 £	.07	100.06	100.16	22/05	13.06
State Bk. Nsw. 98 US	.188	100.34	100.44	11/08	9.87
Woolwich Equit. BS. 95 £	0½	100.11	100.16	13/07	13.37
Woolwich 5 95 £	0⅛	100.00	100.05	19/05	13.12

Average price change... On day -0.01 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	112⅛	113⅛	-0⅛	12.22
Amer. Brands 7⅛ 02 US	9/87	56.7	119⅜	120⅜	-0¼	2.71
Ashikaga Bank 2⅛ 02 US	4/87	967.	132⅜	133⅜	-4⅜	3.01
Asics 5 92 DM	12/83	472.7	256½	257⅞	-0⅜	2.92
CBS. Inc. 5 02 US	4/87	200.	99½	100½	-0⅛	4.17
Primerica 5⅛ 02 US	4/87	66.75	65½	66½	-0½	112.31
Eng. China Clay 6½ 03 £	9/88	4.8	106¼	107¾	-4¼	2.35
Fujitsu 3 99 US	5/84	1106.	222	222½	+1⅜	0.52
Land Secs. 6⅜ 02 £	6/87	6.72	96¼	97⅛	-0⅜	11.18
MCA INC 5½ 02 US	9/87	69.62	93	94	-0½	17.02
Minolta Camera 2¼ 94 DM	2/86	1604.	115⅜	117⅛	+0⅞	6.06
Mitsubishi Bk. 1¼ 02 US	9/87	3157.	122	124	+1¼	11.51
Mitsui trust 2⅜ 01 US	10/86	1903.	127½	128½	-1⅜	2.42
Next Plc 5⅜ 03 £	11/87	4.3	98½	99½	+0¼	189.59
Nichi Nipp. Bk. 2⅜ 03 US	4/88	804.	121½	122½	+0½	6.62
Omron Tateisi 2⅜ 02 US	4/87	1310.	241⅜	243	+8	4.75
Ranks Hovis 4¾ 03 £	1/88	3.5	108¼	109⅛	+0¼	8.94
Redland 7¼ 02 £	†1/87	5.4	104	105	-0¼	2.79
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	91⅛	92¼	-0¼	42.47
Sumitomo Bank 3¾ 04 US	2/89	429.	92¼	93⅛	+0⅛	19.03
Texas Inst. 2⅞ 02 US	9/87	82.87	73⅛	74⅛	-0¼	49.81
W.R. Grace 6¼ 02 US	9/87	42.12	91½	92½	0	24.02

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

New issues again dominate trading

By Andrew Freeman

NEW-ISSUE activity gave a buoyant impression to Eurobond markets yesterday, but underlying support remained weak. The dismal performance of government bond markets did little to help sentiment.

The fixed-rate US dollar sector was tapped, with two deals arousing considerable comment.

A $100m seven-year deal for the Industrial Development Bank of India (IDBI) was brought by Credit Suisse First Boston to a sceptical reception. The bonds were priced at 100⅛ to yield 103 basis points over US Treasuries.

Several houses are understood to have been bidding for the deal some weeks ago at around 95 basis points over Treasuries, well away from where they believed there was

INTERNATIONAL BONDS

real investor demand for dollar-denominated paper. If they won the mandate, they intended to persuade the borrower to make the bonds cheaper before launch.

This was an implicit warning to the borrower following its experience with a $125m deal for the Indian state-owned Oil and Natural Gas Commission last year, which was finally launched by CSFB at a spread rumoured to have been well outside the price at which the mandate was originally awarded.

A CSFB *official said it had* identified demand before launching yesterday's deal and had found institutional interest in Japan, Italy and Germany. CSFB took a quarter of the deal itself.

It was quoting the paper at less 1⅞ bid, a discount equivalent to underwriting commissions. However, away from the syndicate broker screens were displaying prices of less 2½ bid, way outside fees.

The proceeds were unswapped by the borrower, although most investors are believed to have asset-swapped their bonds to achieve floating-rate funds at around 27 basis points over Libor.

Investors who declined to buy the bonds said that after swapping they wanted a spread of around 35 basis points over Libor.

Banque Paribas Capital Markets (BPCM) was the lead manager of a $200.1m seven-year deal for Qantas, the Australian airline company. The bonds came with a 9⅞ per cent coupon and were priced at 101⅞ to yield some 63 basis points over Treasuries.

The deal met a slow reception, in part because the Treasury market fell hy around ⅛ point. BPCM was quoting the bonds at less 1.95 bid, outside fees of 1⅞ per cent. An official said there had been demand from institutions in a range of countries including the UK and the Middle East.

Comment from syndicate managers concentrated on the pricing, which was described as rather tight. The maturity of the deal was felt to be in line with limited demand for dollar bonds, but several co-managers are thought to have sold their allocations back to the lead manager.

Behind the issue was a complicated swap transaction as part of an aircraft financing programme announced by Qantas some time ago. Yesterday's proceeds were swapped into floating-rate sterling, New Zealand dollars and Swiss francs and amortised over 12 years.

Qantas will match the cash-flows from its borrowings with its liabilities from the purchase of new *aircraft.*

Elsewhere, Nomura International launched a $150m equity warrant deal for Kenwood. The five-year deal came with an indicated conpon of 5¼ per cent and was snapped up. The paper was quoted hy Nomura at 104 bid, a sharp premium to the par issue price.

Avis Europe tapped the *Euro-sterling* market for the first time with a £75m seven-year deal via Samuel Montagu. The bonds came with an 11¾ per cent coupon and were priced at 100¼ to yield 120 basis points over the 10¼ per cent 1995 UK government bonds.

New-issue traders said tbe terms were generous and the bonds were trading inside fees at less 1.80 bid, after an earlier high of less 1⅝ bid. The proceeds were unswapped.

Daiwa Europe was the lead manager of an Ecu75m three-year deal for Abbey National which started slowly. The bonds came with a 9 per cent coupon and were offered to investors at less full fees to *yield* 9 per cent.

Commerzbank was the lead manager of a DM150m four-year dual currency deal for its own subsidiary. The deal cen be redeemed in either dollars or D-Marks. It met a good reception.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Shoko Chukin Bank♦	50	9¾	101⅞	1994	1¼/⅝	Daiwa (Europe)
Qantas♦	200.1	9⅞	101⅞	1996	1¼/⅝	BPCM
Kenwood Corp.‡♦	150	(5¼)	100	1994	1½/¾	Nomura Int.
Ind.Dev.Bk.of India♦	100	10	100⅛	1996	1¼/⅝	CSFB
SEK♦(d)	30	17½	100	1991	2	Merrill Lynch
CANADIAN DOLLARS						
LB Rheinland Pfalz Fin.♦	65	11	101⅞	1992	⅞/½	Mitsubishi Fin.
AUSTRALIAN DOLLARS						
Fuji Bank(Lux)♦	55	(c)	102	1994	1¼/¾	Fuji Int.
ECUs						
Abbey National♦	75	9	101⅜	1992	⅞/½	Daiwa (Europe)
D-MARKS						
Comm'bk.Overseas Fin.★★♦(a)	150	8½	100	1993	n/a	Commerzbank
STERLING						
Avis Europe♦	75	11¾	100¼	1996	1¼/⅝	Samuel Montague
YEN						
Royal Trustco♦(b)	5bn	7.7	102	2004	1⅜/⅝	Sanwa Int.

‡With equity warrants. ★★Private placement. ♦Final Terms. a)Borrower may repay interest and principal in DM or US$ at a break even point of DM1.67 to $. b)Payable in A$ for 10 years, then in Yen at long-term prime + 1%. c)Step down coupon - first year at 16.7% and thereafter at 14%. d)Redemption linked to Gold to US$ rate.

ITT unveils further employee stock ownership plan

By Karen Zagor in New York

ITT, THE big US industrial and insurance conglomerate which has been the subject of Wall Street takeover speculation, yesterday announced an employee stock nwnership plan (Esop) coupled with a 12m share buyback.

Mr Rand Araskog, chief executive, said the Esop would hold $700m of newly issued convertible preferred shares.

Combined with an existing plan, it would boost employee ownership from 4 per cent to 11 per cent of the company's stock. Mr Araskog said the Esop would borrow the money to fund the benefits with ITT guaranteeing the debt.

ITT will use the proceeds from the Esop to repurchase an additional 12m shares. The company said this was to prevent dilution to existing shareholders.

It has already bought back more than 12m shares under a separate programme which allowa for the repurchase of up to 15m shares in ITT.

Mr Araskog said the Esop would "allow us to increase our contributions to the existing employee savings plan at nominal additional cost to the company."

More than 47,000 US-based salaried employees will benefit from the plan.

US firm sets up UK mortgage lending unit

By Norma Cohen

BEAR STEARNS and Co, the US-based investment bank, has established a new subsidiary, Bear Stearns Hnme Loans, to originate, service and securitise UK hnme mortgages.

Bear Stearns has retained Mrs Marcia Meyerberg, formerly a managing director at Salomon Brothers, to head its subsidiary. At Salomon, Mrs Meyerberg was in charge of setting up the firm's home lending unit, The Mortgage Corp, which will now he a Bear Stearns competitor.

Mrs Meyerberg said the unit planned to originate about £250m ($419m) in home loans this year. The unit will also explore potential opportunities in Europe after 1992 and is looking at the securitisation of other assets such as credit cards and car loans.

While acknowledging that conditions in the UK murtgage market were tough, Mrs Meyerberg said the firm believed it could price its product competitively and still make a profit.

The issuance nf sterling-denominated mortgage-backed securities in the UK has slowed considerably this year, suggesting there is little demand for the product either from investors or from mortgage lenders wishing to keep their assets off-balance sheet.

However, Mrs Meyerberg said Bear Stearns believed that standardisation of both mortgage loan documentation and nf the murtgage-backed securities product would speed development of a market in the UK. Such standardisation has long been in place in the US where the markets are far more advanced.

● Société Générale and Credit Fnncier de France have established a joint venture to offer home loans in the UK. The unit, Capital Home Loans, will be run from London by Société Générale Merchant Bank and has authorised capital of £20m.

The unit has no plans for securitisation within the next two years, althongb it will review its options after that, according to an official.

Refunding auction pours cold water on Treasuries

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds fell sharply yesterday afternoon in anticipation of weak demand at the three-year auction, the first in this week's quarterly refunding. When the results turned out not as bad as expected, the market just sold the new issue anyway and prices ended the day around ¾ point lower.

The henchmark long bond closed a full point lower for a yield of 9.08 per cent amid considerable nervousness ahout

GOVERNMENT BONDS

the sale on Friday of $9.5bn of 30-year bonds.

Although bids were reasonably healthy at $29.71bn and the average yield of 9.12 per cent was roughly where the when-issued market had been trading before the auction, dealers did not report much demand and there seemed to be a considerable sell-off immediately after the auction.

The focus now shifts to the $9.5bn sale of 10-year notes today whicb some houses helieve should attract more interest from Japan than the three-year.

However, there are some notable worries and many hond market participante believe this is going to be a difficult refunding. Not least is a *fear that the dollar may be* near a peak after the central banks allowed it to rise above DM1.90 this week and that there may be no prospect of currency gains.

In addition, there are some potentially worrying economic figures with retail sales for April expected to he strong tomorrow on the day of the long bond auction and with April producer prices out on Friday.

Potential bond investors are particularly sensitive to this refunding because they were caugbt out in the February auctions. Tbe US Federal Reserve tightened monetary policy immediately after that refunding meaning that many *participants lost money.*

Tbe recent rally in short-dated issues had anticipated an easing in credit conditions in view of slowing growth, but markets are not as convinced as they were that monetary policy may not be tightened again because of inflationary pressures.

THE LEVITY of the dollar pre-occupied bond markets across Europe yesterday, sparking concerns of renewed interest rate pressures in Germany. In Frankfurt, the dollar was fixed at DM1.9136, its highest level since last August and sharply up from Monday's fixing at 1.8989. This helped push domestic bond yields through the important 7.00 per cent level, although dealers said the richer yields had yet to tempt retail investors to flock back to the market.

Very little interest has been seen in the newest federal issue, whicb was quoted as low as less 1½ to 1⅝ during the afternoon.

On Liffe, the June bund contract closed at 93.15, 28 pfennigs lower than Monday'e settlement, after a hrisk day's trade.

That level equates exactly with a yield of 7.00 per cent on the stock that is currently cheapest to deliver.

THE NORWEGIAN central hank may have felt rather lonely yesterday when its intervention in the foreign exchange markets actually involved purchases of dollars. But its reasons were entirely domestic, notably a signal to traders that the reopening of the hond market should not unduly encourage the currency bulls.

Foreign investors displayed a good deal of curiosity in their first opportunity since 1984 to purchase domestic bonds. However, London and West German dealers expressed scepticism as to how enduring such interest would be.

Still, the market traded more volume in the first bour than during the wbole of Monday, with a total of roughly NKr2.1bn changing hands by the end of the day compared with NKr565m the previous day.

A shortage of liquid stock pushed prices up a full two points during the morning, though they eettled hack towards tbe end of the day. One of the more liquid stocks, a four-year Treasury stock, closed around 110.15 compared with 109.70 on Monday.

INTERNATIONAL interest rate pressures unsettled the UK hond market, and news that power workers had voted to strike in a pay dispute put both sterling and bond prices under added pressure during the afternoon. On Liffe, the June gilts future breached an important support level when it traded just helow 95-04, after closing on Monday at 95-24. It settled yesterday near the low at 95-04.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-24	-8/32	11.03	11.04	11.04
		9.750	1/98	96-26	-12/32	10.31	10.30	10.31
		9.000	10/08	97-06	-15/32	9.31	9.30	9.37
US TREASURY *		8.875	2/99	98-01	-26/32	9.18	9.11	9.24
		8.875	2/19	97-22	-35/32	9.10	8.98	9.09
JAPAN	No 111	4.600	6/98	95.3453	+0.030	5.36	5.36	5.22
	No 2	5.700	3/07	105.9069	-	5.07	5.07	5.05
GERMANY		8.375	11/98	95.7000	-0.200	7.00	6.91	6.87
FRANCE	BTAN	8.000	1/94	96.4701	-0.325	8.93	8.85	8.97
	OAT	8.125	5/99	95.4800	-0.480	8.82	8.78	8.92
CANADA *		10.250	12/98	100.5500	-1.200	10.16	10.12	10.48
NETHERLANDS		6.7500	10/98	96.3750	-0.400	7.28	7.17	7.06
AUSTRALIA		12.000	7/99	92.1006	-0.439	13.43	13.30	13.72

London closing, *denotes New York closing
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Tue May 9 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Mon May 8 Index No.	Fri May 5 Index No.	Thu May 4 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	961.09	....	10.51	4.03	11.78	11.91	961.13	967.63	960.85	760.30
2 Building Materials (29)	1210.50	+0.4	11.77	4.22	10.40	17.57	1206.11	1215.59	1200.71	988.66
3 Contracting, Construction (38)	1697.31	-1.2	13.15	4.13	9.96	28.37	1717.99	1721.63	1719.22	1571.47
4 Electricals (10)	2878.79	+0.3	8.23	4.21	14.82	25.01	2870.93	2878.74	2849.95	2047.32
5 Electronics (30)	2197.76	-0.4	8.64	3.05	15.00	13.93	2206.44	2238.53	2219.29	1590.64
6 Mechanical Engineering (54)	514.75	+0.3	10.23	3.97	12.00	7.37	513.03	514.59	512.15	393.31
8 Metals and Metal Forming (7)	542.23	+0.2	14.15	5.52	7.99	0.43	541.39	543.16	541.60	451.85
9 Motors (17)	317.46	+0.1	11.60	4.78	10.08	6.44	317.09	316.73	316.58	278.67
10 Other Industrial Materials (22)	1608.43	+0.3	9.08	4.22	13.14	24.98	1603.93	1615.76	1602.83	1253.97
21 CONSUMER GROUP (185)	1208.95	+0.2	8.94	3.64	14.02	9.41	1206.59	1215.79	1208.51	1062.11
22 Brewers and Distillers (22)	1340.05	+0.4	9.63	3.42	13.12	9.92	1334.71	1346.60	1333.96	1094.02
25 Food Manufacturing (20)	1046.50	-0.2	9.65	3.95	13.04	11.32	1048.23	1045.69	1038.59	906.65
26 Food Retailing (15)	2173.68	-0.5	8.53	3.32	15.42	16.14	2184.19	2172.82	2172.23	2020.54
27 Health and Household (14)	2248.77	-0.4	6.39	2.68	17.84	14.41	2257.42	2288.00	2287.07	1782.91
29 Leisure (33)	1649.83	+0.7	7.51	3.29	16.71	15.53	1638.89	1656.42	1620.86	1293.85
31 Packaging & Paper (15)	581.11	+0.6	10.14	4.18	12.27	6.99	577.53	575.12	572.36	498.45
32 Publishing & Printing (18)	3589.47	+0.6	9.14	4.50	13.71	43.67	3568.50	3578.65	3575.46	3366.58
34 Stores (33)	789.88	+1.1	11.32	4.59	13.56	1.98	781.27	794.92	792.56	816.01
35 Textiles (15)	528.51	-0.5	13.79	5.37	10.30	6.31	531.35	539.89	534.51	592.75
40 OTHER GROUPS (95)	1084.14	+0.2	9.99	4.11	12.18	9.05	1081.50	1084.25	1079.55	867.86
41 Agencies (18)	1327.44	+0.1	6.96	2.47	17.95	14.30	1326.28	1329.47	1308.00	1126.94
42 Chemicals (22)	1233.11	+0.1	11.34	4.78	10.46	22.54	1231.30	1235.00	1226.36	1002.90
43 Conglomerates (12)	1575.81	+0.2	9.88	4.44	11.81	5.37	1573.03	1580.94	1577.96	1174.66
45 Transport (13)	2415.19	-0.7	8.20	3.57	15.81	20.16	2432.11	2426.13	2417.53	1896.57
47 Telephone Networks (2)	1118.58	+0.7	10.50	4.20	12.39	0.00	1111.17	1115.91	1102.69	945.98
48 Miscellaneous (26)	1460.41	+0.6	10.59	4.03	10.74	21.65	1460.26	1461.20	1478.20	1120.49
49 INDUSTRIAL GROUP (487)	1130.95	+0.2	9.68	3.88	12.76	10.45	1129.22	1135.94	1129.34	941.32
51 Oil & Gas (13)	1999.21	....	9.90	5.56	13.00	41.99	1998.37	2005.96	1988.75	1836.99
59 500 SHARE INDEX (500)	1204.92	+0.1	9.71	4.09	12.79	13.02	1203.24	1210.08	1202.62	1016.91
61 FINANCIAL GROUP (123)	749.71	+0.5	-	5.14	-	14.74	746.04	747.64	743.88	672.48
62 Banks (8)	746.97	+1.4	23.93	6.40	5.49	21.71	736.53	737.77	731.74	629.95
65 Insurance (Life) (8)	1067.40	-0.2	-	5.59	-	29.06	1069.81	1074.96	1071.34	988.60
66 Insurance (Composite) (7)	595.59	+0.1	-	5.76	-	13.65	595.05	594.82	596.38	537.68
67 Insurance (Brokers) (7)	957.87	+0.1	8.36	6.50	16.01	27.06	956.44	947.66	953.69	921.99
68 Merchant Banks (11)	334.30	....	-	4.51	-	3.70	334.20	332.04	331.77	342.31
69 Property (52)	1328.76	+0.1	5.89	2.72	21.54	6.77	1327.72	1337.59	1325.88	1164.68
70 Other Financial (30)	374.20	+0.2	9.83	5.61	12.85	4.03	373.27	372.17	370.68	384.56
71 Investment Trusts (72)	1143.18	+0.4	-	2.78	-	8.37	1138.97	1137.35	1129.46	871.27
81 Mining Finance (2)	659.90	-0.1	9.40	3.86	11.84	10.45	660.86	660.86	658.91	480.83
91 Overseas Traders (8)	1363.89	+0.1	10.25	5.17	11.27	30.41	1361.53	1377.51	1373.16	1037.31
99 ALL-SHARE INDEX (705)	1094.05	+0.2	-	4.21	-	13.35	1091.94	1097.29	1090.77	925.83

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 8	May 5	May 4	May 3	May 2	Year ago
FT-SE 100 SHARE INDEX♦	2125.1	+5.5	2134.4	2124.3	2119.6	2132.8	2119.0	2105.7	2103.1	1792.6

FIXED INTEREST

PRICE INDICES	Tue May 9	Day's change %	Mon May 8	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.81	-0.19	118.11	0.07	4.41
2 5-15 years	133.11	-0.39	133.63	-	4.62
3 Over 15 years	144.36	-0.48	145.06	-	5.92
4 Irredeemables	167.36	-0.43	168.08	-	6.10
5 All stocks	130.87	-0.34	131.34	0.03	4.78
Index-Linked					
6 5 years	133.95	-0.05	134.02	-	1.36
7 Over 5 years	133.45	-0.16	133.67	-	1.28
8 All stocks	133.36	-0.16	133.57	-	1.27
9 Debentures & Loans	115.15	....	115.15	-	3.80
10 Preference	88.96	....	88.96	-	2.05

AVERAGE GROSS REDEMPTION YIELDS		Tue May 9	Mon May 8	Year ago (approx.)
British Government				
1 Low	5 years	9.68	9.61	8.81
2 Coupons	15 years	9.26	9.21	9.18
3	25 years	9.08	9.04	9.05
4 Medium	5 years	10.74	10.65	9.25
5 Coupons	15 years	9.70	9.64	9.40
6	25 years	9.25	9.20	9.21
7 High	5 years	10.85	10.76	9.34
8 Coupons	15 years	9.91	9.85	9.55
9	25 years	9.43	9.39	9.27
10 Irredeemables†		9.07	9.03	9.02
Index-Linked				
11 Inflation rate 5%	5yrs.	3.54	3.51	2.56
12 Inflation rate 5%	Over 5 yrs.	3.59	3.57	3.75
13 Inflation rate 10%	5 yrs.	2.63	2.60	1.65
14 Inflation rate 10%	Over 5 yrs.	3.42	3.41	3.60
15 Debs &	5 years	12.27	12.10	10.33
16 Loans	15 years	11.55	11.50	10.64
17	25 years	11.10	11.06	10.69
18 Preference†		10.21	10.18	9.69

♦Opening index 2124.3; 10 am 2132.4; 11 am 2131.9; Noon 2128.4; 1 pm 2129.9; 2 pm 2134.4; 3 pm 2131.6; 4 pm 2127.0; 4.05 pm 2126.7
(a) 1.58pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	103	4
Corporations, Dominion and Foreign Bonds	0	11	33
Industrials	380	347	847
Financial and Properties	220	112	325
Oils	28	29	40
Plantations	1	1	10
Mines	53	44	81
Others	67	71	117
Totals	749	718	1,457

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
$57	F.P.	-	71	60	‡Amberley Group 2½p	63		b1.5	3.4	3.2	11.6
$100	F.P.	-	123	108	‡Boxmore Intl. 10p	121	+1	u5.2	1.9	5.7	11.7
†	F.P.	-	35	29	‡CCS Group 20p	30		L0.45	1.6	2.0	42.5
♦	F.P.	-	6350	6100	CMB Packaging SA FFr15	6300		W-	-	-	15.0
♦	F.P.	-	6100	5700	Do (¼ '89 Div Reg) FFr15	6025		-	-	-	-
$50	F.P.	-	54	47	CST Emerging Asia 7st 10p	52	-1	-	-	-	-
-	F.P.	-	29	8	Do. Warrants	28	-1	-	-	-	-
$100	F.P.	-	128	113	‡Capita Group	126	+1	u2.5	2.2	2.6	18.9
85	F.P.	-	96	85	‡Diamond Group Hldgs 5p	93	+2	L1.13	4.7	1.6	17.7
♦	F.P.	-	110	84	Ex-Lands 10p	86xr	-6	0.5	-	0.8	-
♦	F.P.	-	101	66	Do. Wrrts	70	-7	-	-	-	-
□100	F.P	19/5	113	100	Fleming High Inc. Inv	113	+1	b5.25	-	6.2	-
50	F.P.	-	53½	52	Gartmore Value Invs. 10p	53		N3.79	-	9.5	-
50	F.P.	-	51½	50½	Do. Zero Div. Prf. 10p	50½		-	-	-	-
$100	F.P.	-	123	115	‡Green (J.)	118		L2.9	2.9	3.3	14.1
$175	F.P.	-	178	173	‡Ibex Hldgs. 10p	176		L3.6	2.7	2.7	16.1
†	F.P.	-	211	198	MB Group	208		W-	-	-	10.5
$47	F.P.	-	49	40	*Malaya Group 10p	46		b2.0	3.7	5.8	6.3
†	F.P.	-	500	471	Mid Kent Hldgs. £1	480xr		6.0	-	1.7	-
-	F.P.	-	107	30	Do. Warrants £1	107		-	-	-	-
$58	F.P.	-	66	56	‡Miskin Group 20p	63		Wd1.38	4.5	2.9	8.7
††	F.P.	-	108	95	‡OIS Group	108		-	-	-	-
$100	F.P.	-	107	100	Olim Conv. Tst.	107		N7.5	-	9.3	-
$100	F.P.	-	101	99½	Do. Zero Coupon Prf.	100	-½	-	-	-	-
$100	F.P.	-	108	100½	‡Ports Group 5p	103		R4.5	1.8	5.8	11.3
†	F.P.	-	300	200	‡Property Co of London 50p	275		-	-	-	-
-	F.P.	-	178	171	‡Quarto (Restal Trans) 10c	173		6.0	-	4.6	-
$52	F.P.	19/4	78	52	‡Quiligotti 5p	67		R2.0	2.4	4.0	11.8
$125	F.P.	-	147	136	Servomex 5p	147		L4.7	1.9	4.3	12.2
125	F.P.	12/5	136	125	Try Group	130		L5.0	2.1	5.1	12.5
$185	F.P.	-	218	195	Wood (Graham)	218		R7.7	2.6	4.7	8.1
$Ir48	F.P.	-	89	76	‡Xtra-Vision Ir5p	76	-1	u023.9	2.5	1.3	32.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
106.46	F.P.	-	109	105¼	Brit. Assets Tst. Ind-Linked 2005	109	+½
100	NO	6/6	3pm	2pm	Dwyer 7.25pc Cnv. Cum. Red. Prf.	2pm	
♦	NB	9/5	7pm	1¼pm	Guidehouse 8.5pc(net) Cv Pf 2006	1¼pm	
100p	F.P.	4/5	101p	90p	Hambros 7½pc (Net) Cum Cnv Red Prf	99p	
-	F.P.	-	100	99½	N'wide Anglia 12⅞pc 19.3.90	99⅞	
-	F.P.	-	100	99⅞	Do. 13⅛pc 23.4.90	99⅞	
$99.1	£25	-	28½	25	Do. 4.25pc Index-Linked 2024	27⅞	-⅝
-	F.P.	-	100	100	Do. 13pc Bds 14.5.90	100	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
Ir72	Nil	3/5	10pm	5½pm	Anglo Irish Bank	6¼pm	+1¼
9	Nil	-	2¼pm	1½pm	Bear Brand	2¼pm	+¼
10	Nil	-	8pm	5pm	‡Clogau Gold Mines 10p	7pm	-1
26	Nil	-	31pm	19pm	Creston 10p	20pm	-3
275	Nil	15/6	84pm	47pm	EIS Group	79pm	
17	Nil	-	98pm	68pm	Ex-Lands 10p	68pm	-7
45	Nil	-	12pm	10pm	Gardiner Group 5p	11pm	
Ir58	Nil	-	16pm	13pm	Helton Hldgs	14pm	-2
265	Nil	10/5	44pm	38pm	McLaughlin & Harvey	41pm	
65	Nil	-	7pm	5pm	Oceana Cons.	7pm	
88	Nil	-	12pm	8pm	Porter Chadburn 5p	8pm	
500	Nil	-	187pm	105pm	Securicor Group A (NV)	187pm	+12
450	Nil	-	108pm	75pm	Security Services	108pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on Prospectus or other offical estimates for 1989. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

LONDON TRADED OPTIONS

DEALINGS in British Airports Authority stole the eye on the London Traded Options Market floor yesterday, in a rarely seen appearance, attracting 2,304 contracts, against a background of a suggested official move towards control over its pricing policy.

The business in BAA was one of a number of factors relieving the options market from recent *slackness.* Overall market turnover amounted to 31,935 contracts, consisting of 24,640 calls and 7,295 puts. Dealings in the FT-SE 100 Index reached the modest level of 4,338 contracts, made up of 2,153 calls and 2,185 puts.

Trusthouse Forte, despite the sudden thrust of activity from BAA, was the most heevily traded options stock of the day.

It found 3,121 contracts, comprising 2,771 calls and only 350 puts, as the underlying price of the stock – affected recently hy talk of a takover bid – recovered ground lost the previous day, to gain 8p to 318p, although without matching its spurt on Fridey, when the hid idea hroke.

The idea of a rerating move by financial analysts on British Aerospace hrought the company into unaccustomed prominence in options dealings, as 809 call contracts and 168 puts mede a total of 977, and the underlying price of the stockgained 9p on the day to 612p. However, there was little overall change in open pcsition on the stock,

Britisb Steel saw 1,914 contracts traded, consisting of 1,479 calls and 435 puts, with the July 90 calls alone attracting 1,405 contracts and an opening of interest in the series of 1,385 contracts to 9,002, as the underlying price of the stock remained unchanged on the day to 87p.

TSB saw some activity, on 1,080 contracts, lying in 1,062 calls and no more than 18 puts, though the underlying price gained only 1p to 110p. There was some opening of call interest and a slight opening of put.

United Biscuits attracted 1,053 contracts, made up of 803 calls and 250 puts, and Hanson Trust also saw just over 1,000 contracts handled.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*462)	420	43	62	68	4½	9	13
	460	18	35	45	20	24	27
	500	5	18	-	52	52	-
Brit. Airways (*203)	180	26	31	34	2½	5	9
	200	10	17	22	10	14	16
	220	3	9	-	25	27	-
Brit Com (*213)	200	18	26	30	7	9	12
	220	7	15	18	16	18	22
	240	2½	7½	-	34	34	-
Beecham (*622)	550	80	100	115	7	12	15
	600	42	67	80	20	27	32
	650	18	40	35	48	53	58
Boots (*294)	280	20	30	36	8½	11	13
	300	9½	19	26	19	20	22
B.P. (*281)	280	14	20	27	10	13	15½
	300	6	11½	17	23	25½	27½
British Steel (*86)	70	17¾	18	21	¾	2¼	4½
	80	8½	10¼	14½	4	5½	7½
	90	2¼	5¾	9	11½	12	13
Bass (*956)	900	80	110	122	15	23	30
	950	37	77	92	35	40	47
	1000	25	52	-	62	67	-
C & Wire (*520)	460	72	89	103	5	9	12
	500	40	60	75	16	20	24
Cons. Gold (*1323)	1300	100	130	145	65	90	105
	1350	75	100	120	90	120	130
	1400	50	75	95	115	145	150
Courtaulds (*324)	300	29	37	44	7	11	14
	330	8	20	27	22	24	26
	360	3	10	-	49	50	-
Com. Union (*384)	360	40	46	56	5	11	13
	390	17	28	38	14	22	24
	420	7	14	-	38	42	-
G.K.N. (*383)	330	63	68	80	1¾	5	6
	360	38	45	58	6	12	14
	390	19	28	38	18	27	27
Grand Met. (*585)	500	99	109	123	1	4	5
	550	54	67	85	6	12	17
	600	23	37	55	27	33	37
I.C.I. (*1216)	1150	107	129	162	13	27	33
	1200	17	95	132	28	44	52
	1250	43	68	105	55	70	75
Jaguar (*294)	280	28	32	43	5	13	14
	300	13	22	33	15	23	26
Kingfisher (*309)	260	49	54	65	2	4	5
	280	29	37	47	5	8	10
	300	17	23	33	12	17	18
Ladbroke (*586)	500	87	107	113	2½	7	9
	550	46	66	80	11	16	21
	600	18	36	50	34	39	44
Land Secur (*583)	550	44	65	78	10	13	17
	600	13	33	47	33	35	38
M & S (*175)	160	16½	24	28	3	5	7
	180	5½	10½	15	12	13	14
STC (*335)	300	46	57	68	3	8	10
	330	26	37	46	12	17	20
	360	12	23	33	30	34	36
Sainsbury (*239)	220	22	31	38	2½	4½	6
	240	8½	18	24	10	12	13
Shell Trans. (*399)	360	-	58	67	-	5	7
	390	24	33	45	7	12	15
	420	10	17	27	23	29	30

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Storehouse (*169)	140	32	34	39	2	4	6
	160	16	20	25	7	12	15
	180	7	11	16	22	24	26
Trafalgar (*385)	360	31	46	50	10	14	20
	390	13	25	30	25	30	34
Utd.Biscuits (*325)	300	27	40	48	5½	8	10½
	330	10½	23	28	21	23	25
	360	4	11	19	45	46	47
Unilever (*570)	550	42	62	77	10	14	18
	600	15	35	48	32	38	40
Ultramar (*316)	280	47	57	70	3	6	8
	300	32	43	54	8½	11	15
	330	13	25	36	21	26	28
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*612)	500	114	129	140	½	3	9
	550	64	86	101	1	9	21
	600	17	51	67	5	26	31½
BAA (*357)	330	28	39	56	1	9	13
	360	8	20	35	10	20	26
	390	1	10	20	35	44	46
BAT Inds (*543)	500	43	63	78	1	7	13
	550	5	30	46	13	25	32
	600	1	11½	25	60	61	62
BTR (*380)	330	51	60	69	¾	1½	5
	360	21	36	46	1	6	12
	390	2½	17	28	14	18	23
Brit. Telecom (*270)	260	10	19	26	1	7	8
	280	1½	7½	16	12	16	29
	300	1	3	8	32	36	37
Cadbury Sch (*361)	360	6	24	37	5	13	16
	390	1½	11	20	39	31	35
	420	¾	-	-	60	-	-
Guinness (*480)	420	62	78	90	1	4	8
	460	22	46	60	2	13	18
	500	3	24	38	23	28	36
GEC (*237)	220	-	25	32	-	4	6½
	240	-	13	19	-	13	15
	260	-	4½	9	-	28	28
Hanson (*194)	160	34	36	-	½	1	-
	180	14	18½	26	1	3	5
	200	1½	7	14½	7	11½	13½
LASMO (*465)	441	27	52	70	1½	14	22
	479	5	30	45	20	33	48
	527	1½	-	-	65	-	-
P. & O. (*680)	600	83	102	-	2	4	-
	650	33	65	82	1½	16	25
	700	4	37	52	25	35	47
Pilkington (*241)	240	6	14	23	4	13	16
	260	1½	7	14	21	28	29
	280	1	3½	8½	41	44	45
Plessey (*263)	240	24	30	36	1	4	6
	260	7	17	25	5	11	12½
	280	1	3½	8½	41	44	45
Prudential (*181)	160	23	28	33	1	3	5
	180	4	13	17	2	6	11
	200	1	5	9	20	20	23
Racal (*470)	420	51	63	82	1	7	14
	460	16	36	55	5½	19	28
	500	3	18	34	33	40	48
R.T.Z. (*534)	460	77	92	-	1	5	-
	500	37	58	73	2½	11	16
	550	3	30	42	20	30	35
Scot. & New (*298)	280	19	34	44	1½	10	14
	300	4	22	32	7	22	26

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Tesco (*171)	140	33	39	42	1	1	2
	160	13	21	25	1	2½	5
	180	2	9	12	10	11	12
Option		**Jul**	**Sep**	**Dec**	**Jul**	**Sep**	**Dec**
ASDA Grp. (*166)	160	17	20	23	5	8	10
	180	8	11	14	16	19	20
Gateway (*195)	180	22	23	25	3	6	8
	200	10	12	14	11	15	17
Option		**May**	**Sep**	**Dec**	**May**	**Sep**	**Dec**
Vaal Reefs (*$75)	70	7½	12	13	½	3	4½
	80	1½	6½	8	5	8	9½
Option		**Jun**	**Sep**	**Dec**	**Jun**	**Sep**	**Dec**
Amstrad (*108)	110	7½	13	16	7	9	11
	120	4	8½	12	14	15	17
	130	2	6	9	23	23	24
Barclays (*456)	420	44	56	64	3	7	9
	460	14	28	38	15	21	24
	500	4	12	-	46	48	-
Blue Circle (*558)	500	66	66	96	3	8	12
	550	30	48	62	13	22	26
	600	8	24	38	44	50	52
British Gas (*181)	160	23½	26	27	½	2½	3½
	180	7	10½	14½	4	10	11
	200	¾	2¾	6¼	2½	22	24
Dixons (*136)	130	12½	16	-	5	9	-
	140	7	12	18	8½	15	16
	160	2¾	6½	10	26	28	30
Glaxo (*1367)	1300	100	154	177	15	27	37
	1350	65	119	145	28	45	57
	1400	36	90	115	53	60	87
Hawker Sidd. (*716)	600	120	135	142	3	10	12
	650	70	97	104	8	20	23
	700	27	65	74	25	38	42
Hillsdown (*272)	260	16	28	35	5	9	9
	280	7	16	23	17	19	20
	300	2½	8	14	37	58	39
Lonrho (*272)	257	24	33	42	5	11	16
	283	10	21	27	18	24	28
	309	3	10	19	42	45	49
Midland Bk (*347)	329	26	33	45	5	11	12
	357	9	17	-	16	24	-
R Royce (*190)	160	32	40	42	1	1½	3
	180	15½	24	28	3	6	8
	200	4	11½	15	12	14	15
Sears (*117)	100	18	22	-	1	2	-
	110	8½	13½	17½	2	4	5
	120	2¼	8	11½	8½	10	11
THF (*313)	280	39	48	56	1½	5½	7
	300	22	34	45	6½	12	15
	330	8½	18	25	23	27	29
Thorn EMI (*703)	700	23	33	53	15	28	33
	750	7	15	28	50	63	68
TSB (*110)	100	13	15	18	1	2	3
	110	4	7½	10½	4	5	6
Wellcome (*479)	460	35	56	68	10	19	23
	500	13	34	46	30	38	48
	550	4	-	-	75	-	-

FT-SE INDEX (* 2127)

	Calls May	Calls Jun	Calls Jul	Calls Aug	Puts May	Puts Jun	Puts Jul	Puts Aug
1900	232	250	268	-	1	3	6	-
1950	183	202	223	235	1½	4½	10	12
2000	132	155	178	193	2½	8	15	20
2050	89	112	137	150	6	16	23	31
2100	48	75	100	117	19	30	38	48
2150	25	46	67	88	47	54	60	68
2200	9	27	45	63	83	88	92	97
2250	3½	14	29	42	132	132	133	135

May 9 Total Contracts 31,935
Calls 24,640 Puts 7,295
FT-SE Index Calls 2,153 Puts 2,185
*Underlying security price.

UK COMPANY NEWS

Trafalgar House beats estimates with £114m

By Clare Pearson

TRAFALGAR HOUSE, the shipping, property and construction group, yesterday announced a better-than-expected 33 per cent rise to £113.8m in interim pre-tax profits, thanks mainly to a strong contribution from UK commercial property interests.

At the same time the company unveiled plans to demerge its oil interests in a separate listed company and to buy a third London hotel, *Dukes* in *St James's*, for £15.7m.

The oil and gas interests, for which Trafalgar was unable to obtain a satisfactory price after they were put up for sale last summer, are to be demerged as Hardy Oil and Gas through a distribution of shares to Trafalgar's shareholders.

Earnings per share for the six months to end-March rose 31 per cent to 18p (13.7p), and the dividend is lifted to 8p (7.2p).

The result was scored on turnover of £1.42bn (£1.21bn). The oil and gas results were excluded from all the figures.

Mr Eric Parker, chief executive, struck an optimistic note about prospects for the property and investment division, which lifted operating profits from £50.5m to £80.7m, in the face of continuing strength in the UK commercial property market. The company's development programme currently totalled more than £2bn.

On the househuilding side, gains in prices and profit margins had so far offset a decline in the volume of sales, which had itself been partially alleviated hy sales to housing associations instead of individuals.

By comparison with property, construction and engineering looked sluggish with operating profits nudging up to £23m (£20.8m). Mr Parker said market conditions had been highly competitive in the UK and overseas work bad been in short supply, hut he expected profit margins to firm next year.

The order book stood at more than £1.75bn, excluding Trafalgar's 40 per cent share of BREL, the British Rail Engineering division where a part-employee huy-out was completed last month.

Trafalgar expects to bear within the month whether it has been shortlisted to bid for the contract, worth around £2.5bn, to build a high speed rail link between the Channel Tunnel and King's Cross station in London.

Eric Parker: commitment to five-star leisure market.

After a flat contribotion from shipping, the shipping and hotels division put in £18.9m (£18.3m) to operating profits.

Mr Parker said the purchase of Dukes Hotel underlined the company's commitment to expansion in the five-star leisure market. It brings the numher of Trafalgar's hotels to eight, with five of them in the USA and the Caribbean. Trafalgar is also keen to move into building resorts.

See Lex

Stitching up the international market

Alice Rawsthorn sees the logic of a merger between Coats Viyella and Tootal

MANY, MANY years ago – or so the story goes – the heads of J & P Coats and English Sewing Cotton, two of the great trading empires of 19th Century Britain, divided the world market for sewing thread between them.

The story is probably apocryphal. Yet Coats Viyella and Tootal, the giant textile groups that inherited Coats and English Sewing, dominate the thread market to this day.

Yesterday Coats announced its intention to acquire Tootal. If it succeeds, it will not only secure an estimated 38 per cent of the £1.5hn international thread market but will augment its interests in the production of clothing and home textiles in the UK.

Whether Coats sncceeds depends on the outcome of the current discussions between Sir David Alliance, its chairman, and Mr Geoffry Maddrell, chief executive of Tootal.

The two men could scarcely be less similar. Sir David, wbo arrived in Britain as a penniless *emigré* in the 1950s, has wheeled and dealed his way to create Europe's higgest textile group. Mr Maddrell is cast in the milder mould of the business school strategists who bave risen within British industry in the 1980s.

For Tootal, the talks may form the final stage of a frustrating period in which it has struggled to stave off the advances of Mr Abraham Goldberg, the Australian industrialist who staged an unsuccessful bid for it in 1986 and has been amassing a new stake since last autumn.

Tootal first broached the possiblity of joining forces with Coats in late autumn – before *Mr Goldberg surfaced – but* the reappearance of its Australian adversary has undoubtedly made the board more amenahle to the prospect of a takeover.

Publicly the board has staged a doughty defence against Mr Goldberg. Privately, it is said to have accepted that, once its shares had risen above a certain level, Mr Goldberg could win control on price if nothing else.

Joining forces with Coats makes strategic sense for Tootal. The group is one of the largest players in the UK textile industry with a worldwide workforce of 15,042. Tootal suffered severely in the slump of the early 1980s but returned to stability since Mr Maddrell joined three years ago.

Yet in recent months Tootal has confronted more competitive conditions. The strength of sterling has depressed overseas profits and its remaining textile interests have suffered from the troubles of the UK industry.

Moreover, the office supplies business, that Mr Maddrell acquired to reduce Tootal's reliance on textiles, has performed poorly.

Geoffrey Maddrell (left), chief executive of Tootal and Sir David Alliance, chairman of Coats

A fortnight ago Tootal announced a sluggish 5 per cent increase in pre-tax profits to £42m for the year to January 31 on sales which slipped to £492m. An association with Coats would not only chase away Mr Goldberg, but provide Tootal with capital for expansion and add sorely needed critical mass to its weaker interests such as clothing.

Equally the acquisition of Tootal makes strategic sense for Coats. The clothing and home textile companies could be easily absorbed into its more anbstantial interests. Similarly, Tootal's strength in overseas sourcing is attractive.

Yet the real appeal lies in thread. Although Coats and Tootal are the leading players in the world market, their activities tend to be geographically complementary. In Europe, Coats is stronger in the south and Tootal in the north. In North America, Coats concentrates on consumer and Tootal on industrial thread. Coats dominates Latin America. While Tootal is the leading player in the Far East.

Tootal's presence in the Far East is especially appealing because of the long association with China, that has enabled it to set up a series of joint ventures to source low cost Chinese yarn to supply its international thread interests.

There is a possibility, however, that the combination of Coats and Tootal's thread companies could trigger a monopolies investigation in Europe or the US.

Coats, with gearing of abont 5 per cent, has the capacity to raise the £400m or so that the City reckons it must pay for Tootal. Yet the City is less sanguine as to whether it has the managerial ability to cope with so sizeable an acquisition.

When Sir David orchestrated the takeover of Coats Patons in 1986 be fulfilled his ambition of controlling an international force in textiles. But since last spring, whan the UK textile industry has been hit by the strength of sterling, Coats Viyella has floundered.

Its pre-tax profits plummeted by 36 per cent to £135m on sales of £1.85bn in 1988. Coats has been forced to resort to painful cost cutting which has reduced its worldwide workforce by about 4,000 to 67,500 since the start of 1988.

The restructuring is far from completed. But Sir David, who has never been far away from any of the wheeling and dealing in textiles, could not resist the temptation of Tootal.

Whether he can clinch a deal on with Mr Maddrell by the deadline of midnight on Thursday remains to be seen.

Bullers chairman voted out

By Vanessa Houlder

SHAREHOLDERS AT tbe annual meeting of Bullers, maker of fine arts and giftware, yesterday refused to re-elect Mr John Briggs, the company's cbairman and chief executive.

Mr Allan Jonnes, a director, said the shareholders' decision came as a surprise to the board. There was no discussion at tbe meeting prior to the vote, he added.

The outcome was decided hy a poll, in whicb 2.2m votes were against Mr Briggs's re-election, compared with 839,000 in his favour. The meeting, at which about 20 shareholders were present, lasted for three quarters of an hour.

Bullers has had a cheqnered profits record. Pre-tax profits fell from £855,000 in 1986 to £204,000 in 1987, after which they rose to £705,000 in 1988.

Until other arrangements have been made, Mr Jonnes will act as chairman and Mr Keith Warburton will act as chief executive. Lawyers are discussing the question of compensation for Mr Briggs.

Last month, Mr Briggs was charged with insider dealing in shares of Wheway, an engineering company of which he is deputy chairman. Mr Briggs is a professional non-execntive *with directorships that include* Blagden Industries and Erksine House.

Receivers defer Sound Diffusion decision

THE JOINT receivers of Sound Diffusioo, the electrical equipment leasing group, said yesterday that they had met the creditcrs' committee and decided, with two in favour and one strongly opposed, to defer a *decision over whether* tbe company sbould be placed in liquidation.

At a meeting on March 3, creditors bad called for the group to be liquidated.

Mr Christopher Morris and Mr Tony Houghton of Touche Ross, noted that since the meeting, Departmeot of Trade *inspectors* had been appointed to investigate the affairs of Sound Diffusion.

International Signal founders quit Ferranti

By Terry Dodsworth

MR JAMES GUERIN and Mr Clyde Ivy, the two founders of International Signal, the secretive defence group acquired hy Ferranti 18 months ago, are leaving the company to pursue private interests.

Their departure will be accompanied by the purchase of ISC Technologies and a 60 per cent shareholding in Electronic Systems, a small Nigerian group. Ferranti refused to put a figure on the sale price of these two operations, but said *that it was equal to their net* book valne of less than $100,000.

According to Ferranti, Mr Guerin, who was unobtainable yesterday, had made the decision to leave the merged group because he was an entrepreneur who preferred the environment of a small privately-owned company.

The sale of the two divisions will reduce Ferranti's turnover by around £25m out of a total of £1hn. The company said there should be some cost savings. The effect on the balance sheet should be negligihle, it added, and the husi*nesses have not been making* any contribution to group pre-tax profits.

Hoskyns returns to market

By Terry Dodsworth, Industrial Editor

HOSKYNS, the computing services business acquired 18 months ago by Plessey, the electronics group, yesterday returned to the stock market following the placing of 23 per cent of the company's shares.

The placing, of 8m shares at 390p apiece, followed a commitment made by Plessey to maintain Hoskyns' Stock Exchange status.

Hoskyns wanted to maintain its quotation to enable it to continue to make acquisitions using its own paper, while offering share incentive schemes to its employees.

Plessey, currently fighting for its independence following the hostile bid approach from the General Electric Company and Siemens of West Germany, has lost around £1.5m on the shares placed yesterday. These were originally acquired at 410p when Plessey bought a controlling stake in Hoskyns from Martin Marietta, the US electronics group.

Yesterday's placing came during a tense period for Plessey, as GEC and Siemens continued with negotiations over anti-monopoly commitments to the UK Government that would allow them to renew their bid. If the two companies can come to an agreement with *the anthorities, they are likely* to renew their assault within the next few weeks.

Some analysts said that the decision to go ahead with the placing now was part of Plessey's defensive strategy, aimed at highlighting its valne.

Mr Geoff Unwin, *Hoskyns* chairman, said that the timing of the deal was connected to the removal of uncertainty over Plessey's position following publication of the Monopolies and Mergers Commission report on the proposed takeover.

The company wanted to return to a position of having freely traded shares, he said, to help it with an ambitious *expansion programme, while* keeping top-level staff at a time of acute shortages.

UK COMPANY NEWS

Profits warning upsets National Telecom shares

By John Ridding

SHARES IN National Telecommunications yesterday fell 14p to 107p after the telephone systems group warned that pre-tax profits for the year to March 31 would be between £3.1m and £3.3m, about £1m less than market expectations and only slightly above last year's £2.9m.

This marks the lowest point experienced by NT's shares since it was floated at 120p last July. The subsequent issue of around 9m new shares, to finance a series of acquisitions, means that 1988-89 earnings per share will be in the region of 8p to 9p, compared with 10.2p last time.

Mr Peter Chamberlain, chairman and chief executive, said that the warning was the result of "a serious localised problem with our UK distribution business, which has been the sole reason for the shortfall."

Management problems, including poor accountability at mid-management levels and a deviation from group strategy resulted in lower than expected sales, reduced margins and higher than expected costs, the company said.

The area affected concerned the distribution of business telephone systems which are manufactured by another company. But this problem meant that the distribution division as a whole suffered a shortfall on expectations of around £2m.

Mr Chamberlain said that changes in the division's management and the introduction of profit responsibility at sub-divisional level had rectified the problem. He added that this was evident in "the improved performance of the subsidiary in the current year."

NT said that despite the disappointing profits, total dividends for the year would not be less than 2p per share, as envisaged at the time of flotation.

The company also said that it expected to sign a joint product development and marketing agreement with Goldstar of South Korea.

Aitch losses reduced to £1.4m

By John Ridding

AITCH HOLDINGS, the clothing manufacturer which was formed through Munton Group's acquisition of Aitch Group in January, yesterday announced pre-tax losses of £1.4m for the 14 months to November 30 1988. This compares with losses of £3.8m for the 15 months to September 1987.

The losses reflected continued disappointing sales and tight margins at Munton's Belfast shirtmaking operation which has incurred losses in excess of £2m over the last three years.

The accounts do not include results from Aitch Group, which turned in a small profit during 1988. Turnover increased from £13.47m to £14.72m and loss per share fell from 38.7p to 9.78p. No dividend is being paid.

Over the last year the company has been significantly restructured. In addition to the acquisition of Aitch, two further companies - Selber Garment processing and Neal and Cooper, the swimwear manufacturer - have been purchased.

In addition, the group reached agreement last week to sell its Belfast shirt making operations to Coats Viyella for approximately £1.9m.

Mr Harry Rogers, former chief executive of Aitch Group and now chief executive of the new company, said that with the restructuring now completed a return to profit was expected for the current year.

This would be achieved despite a slowing of demand for men's shirts which would be more than offset by strong sales of its women's fashion products.

Mr Rogers also said that as a result of a strategy review the focus of the company has been changed from being manufacturing-led to marketing-led.

Chancery sells loss-maker

By Vanessa Houlder

CHANCERY, the merchant banking and financial services group, yesterday announced the sale of ADC (Holdings), a loss-making financial services subsidiary.

The Bristol-based company, which was bought in February 1988 for £1.95m is being sold to its management for about £400,000. The London branch will be retained by Chancery.

Mr Brian Rubins, chairman of the financial services division, said that the business had failed to attract new clients and had been badly affected by the aftermath of the 1987 stock-market crash.

Furthermore, it had not fitted into the cross-selling network established by the rest of the group. "We could not argue that it was an error to have bought it," he said.

ADC, which gives advice on investment, pensions and life assurance, made a loss of £185,000 for the 11 months to February 28.

The sale, which is conditional on the approval of shareholders, takes the form of the cancellation of 165,000 shares owned by ADC's management.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Corton Beach § ......fin	0.625	Aug 1	0.5	0.625	0.5
Marks & Spencer ....fin	3.9	Aug 18	3.55	5.6	5.1
McCarthy & Stone ....int	1.31	-	1.14	-	5.14
McInerney Props ......fin	4.5♣	July	4	6	6
Parkland Textile ......fin	4.3	July 14	3.9	6.3	5.7
Quadrant Group ......fin	2.35†	-	2	3.6	3
Smurfit (Jeff) ....fin	3.011♣	-	2.7373	4.372	3.9747
Titon Holdings § ......int	0.94	July 1	0.85	-	2.6
Trafalgar House ......int	8	-	7.2	-	16

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♣Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bibby (J), Imperial Cold Storage, Novo Industri, Stakis, Tiger Oats, Trifus.

Finals- Allied Irish Banks, Chesterfield Properties, City of Oxford, External Investment Trust, Lowndes Queensway, TDS Circuits.

FUTURE DATES

Interims-

Capital Radio	May 17
Diploma	May 17
MEPC	June 1
NFC	May 17
Rand Mines	May 15
Shaftesbury	May 22
Smart (J)	May 25
TMD Advertising	May 16
Vaux	May 16
Wheeco	May 18

Finals-

Castings	May 25
Chamberlin & Hill	May 24
De Morgan	May 22
Elliott (B)	May 16
Fine Art Developments	May 15
Gerrard & National	May 18
Govett American Endeavour	May 12
Locker (Thomas)	June 13
NMC	June 8
Padang Senang	May 12
Rechem Environmental	May 15
Vivat	May 15
Warnford Investments	May 11

Elders divests Sutcliffe stake

By Nikki Tait

Elders Resources, an associate of the Australian Elders IXL group, has placed its 6.8 per cent interest in Sutcliffe Speakman, the UK-based activated carbon and chemicals manufacturer.

The placing was handled by County NatWest Woodmac, with the shares going to institutional clients. It was understood to have been done at a price in "the low 150s", and confirmation of the placing yesterday lifted Sutcliffe's shares 3p to 163p.

Elders Resources acquired its interest in Sntcliffe in August 1987 when the 1.3m shares were issued to it at 180p, with a standstill agreement over the purchase of further shares. The two companies have had a long trading relationship, and yesterday Sutcliffe said that this would continue, regardless of the placing.

Acquisitive Quadrant doubles to £4.42m

By Graham Deller

QUADRANT GROUP, the acquisitive cellular communication, photographic and video company, reported taxable profits more than doubled in the year to end-February.

On turnover ahead 63 per cent to £57.6m (£35.29m), the outcome was £4.42m (£2.14m).

Mr Jeremy Peace, chairman, attributed the improvement to both acquisitions and organic growth. Subsidiary companies had benefited from management expertise and market opportunities provided by the enlarged group, he said.

Tha Sangers pbotographic side performed well in spite of nnfavourahle snmmer weather. The expected introduction of exclusive agency and own label products should broaden the customer base.

The purchase of S&M Processing established Quadrant as the leading supplier of developing and processing to estates agents, servicing 3,500 offices out of an industry total of 16,000. The decline in the industry has had little impact on the division, Mr Peace said, as agencies were having to market more aggressively.

The communications division — which now takes in Car Telepbone Installations and Sandhurst Communications, acquired last August, and Car-Tel Communications, purchased in November — now bills monthly airtime to over 18,000 telephone users, a far cry from tha gronp's initial subscriber base in November 1987 of 450. Quadrant now had a market share of 3 per cent and was aiming for 5 per cent.

Earnings per ehare expanded to 3.6p (2.8p) and the total dividend is raised to 3.6p via a proposed final of 2.35p.

Council provides protection

David Waller on an anachronism at Trusthouse Forte

TRUSTHOUSE FORTE'S longstanding battle for control of tbe Savoy Hotel is often characterised as a struggle between the outsider and the Establishment. Whatever the truth of this, Lord Forte's social credentials have advanced somewhat since he started his business career as a proprietor of a milk bar in London's Regent Street.

The hest evidence of this social elevation comes less from the life peerage than the crop of grandees who sit on THF's Council — an archaic body established in 1902 which has come into the spotlight in recent days as THF has gone through one of its recurrent phases of bid speculation.

Not one of the seven dignitaries is a plain mister: there are three earls, two Lords, one Honourable and one Sir.

The Hon. Hugh Astor, Lord Boyd-Carpenter, The Earl of Gainsborough, Lord Peyton, The Earl St Aldwyn, The Earl of Westmorland, and Sir Paul Wright collectively have it within their power to block any takeover bid that may be made for THF.

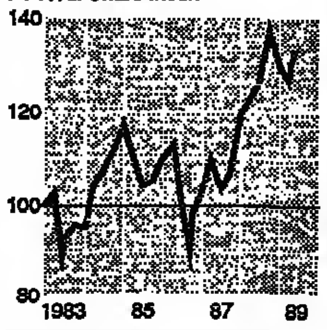
Although the Council owns only 0.1 per cent of the the hotel group, it is entitled to 50 per cent of the votes on a poll of all shareholders.

This anachronistic set-up — infinitely more restrictive than the two-tier voting structure at the Savoy which has so successfully stopped THF winning control — was established by Trusthouse Hotel company to ensure that the company's objectives would continna to be met as the centnry advanced.

Those objectives were to provide decent, respectable hotels free from the excesses associated with many Victorian and Edwardian hostelries. Lord Forte inherited the Council and its anti-takeover mechanism in 1970 when his business merged with Trusthouse.

THF

Share price relative to the FT-A All-Share Index



The board of THF is responsible for appointing Council members, hut cannot remove them once they are in office. To that extent the Council is deemed to be an independent body.

Members are appointed for nine years in the first instance and there are seven members of the Council at any one time. They hava responsibility for distrihnting some £50,000 annual investment income to charity — and making sure that THF remains decent and respectable.

It was at THF's annual meeting in 1986 that Lord Forte said that, so far as be knew, the Council would never exercise its special voting rights in defiance of the best interests of the ordinary shareholders.

That gave rise to a bout of speculation that THF was about to receive a bid from Marriott, the US hotel chain. It also prompted two questions which are as relevant today as then. Under what circumstances ,if any, would tbe Council sanction a takeover bid for THF and, indeed, would THF make a good takeover target?

Rocco Forte: componnd growth of 29 per cent in assets

It is something of an understatement to say that THF, with turnover of £2.04hn last year and a commanding position in the UK hotels and catering markets, is an attractive business.

Many analysts believe that there is a suhstantial gap between the share price and the asset value of the group, whicb last Friday's rumour-inspired 17¼p rise to 320p did little to narrow.

According to some, the company could be worth up to 500p a sbare in the event of a break-np, putting a total value on the company of more than £3bn.

Mr Rocco Forte, chief executive since March 1983, is a chartered accountant and suffers from the inevitable comparison witb his swashbnckling father. There is more than a suspicion that he would not have his present job were he not his father's son — and that Lord Forte continues to run the show despite being in his eighties.

His reputation was dealt in blow in January this year wben it emerged that tbe £280m acquisition of Kennedy Brookes in April 1987, the first big deal to be masterminded by Rocco alone, had gone wrong. It turned out that the £10m Kennedy was supposed to have made in 1987 consisted wholly of property profits.

Despite this public embarrassment, it is doubtful whether the gap between the market price of the shares and the hypotbetical hreak-np value is attributable to City perceptions of ineffectual management. Other hotel companies, for example Queens Moat Houses, trade at the same sort of discount.

The fact is that THF has grown very respectably, with assets climbing at a compound rate of 29 per cent per annum over Rocco's five years in office. And earnings growth seems set to continne at 20 per cent per annum into tha future.

From the depths of the hotel market recession in 1986, the shares have ontperformed the market by 56 per cent.

Hardly evidence of dreadful management, and indeed, Mr Hugh Astor this week hroke the Council's silence to say thet he and his colleagues were very satisfied with the way the group is run.

Although formally independent of the THF board, it is very unlikely thet the Council would endorse a takeover bid which was not backed by THF's management.

That does not mean to say, however, that THF is immune to a takeover. Should a hid be high enough, whether from another hotel group or a consortium planning a break-up, the board would probably feel duty-bonnd to recommend acceptance.

In those circumstances, the Council would find it difficult to hold out in favour of independence.

Smurfit advances 54% but warns on costs

By Vanessa Houlder

IN A year of unparalleled achievement Jefferson Smurfit Group, the Dublin-based packaging undertaking, saw its pre-tax profits advance by 54 per cent.

It warned, however, that the outcome of the current year was difficult to predict. Overall demand remained buoyant but increased costs were becoming more difficult to recover.

For the year ended January 31 1989 profit came to I£236.35m, equivalent to £198.61m, against I£153.86 in the previous year.

Turnover increased from I£1.16bn to I£1.37bn. Trading margins improved from 9 per cent to 12 per cent as a result of volume improvements, strong pricing and cost savings.

North America, which contributed 62 per cent of pre-interest profits, showed a gain of 39 per cent to £158m. A strike in the two US newsprint mills resulted in an opportunity loss of $25m.

Ireland, which accounts for 5.9 per cent of profits, showed an increase of 48 per cent to £15.03m after strong demand, increased exports and improvements in turnaround situations.

In Latin America, profits nearly doubled to £59.69m, reflecting a full year's ownership of the Venezuelan business and good growth, via CCA, in Mexico.

In the UK, there was an increase of 75 per cent to £9.33m after margin improvement, while Continental Europe saw a rise of 21.5 per cent to £13.85m.

An extraordinary charge of £2.6m related to provisions on five non-performing investments.

Gearing increased from 32 per cent to 47 per cent after outlays of £109m on acquisitions and capital expenditure of £82m. Net interest costs rose from £16.72m to £19.58m.

Earnings per share were up 49 per cent to 47p (31.6p). A final dividend of 3.011p makes a total of 4.872p for the year (3.975p).

COMMENT

That Smurfit is finding it tougher to increase prices underlines the notion that the paper industry has passed the peak in its cycle. But the question that remains is: how far does the industry still conform to its traditional cycle? Smurfit is optimistic that the industry can avoid savage price cuts, thanks to the major changes in ownership and relatively modest increases in capacity. In some respects, Smurfit is well placed, given its continued efforts to improve productivity and make cost reductions. It may also benefit from the increased emphasis on environmental issues, as it has the heaviest emphasis on recycling of virtually any paper company. Nonetheless, by next year, the forecast slow-down in the paper industry can be expected to depress its profits growth. That explains why the shares fell 4p to 403p after yesterday's strong results to stand on a p/e of 9 - assuming profits of £260m this year. That rating is in line with other paper companies and seems reasonable value given the strength of the management's reputation.

COMPANY NEWS IN BRIEF

AEROSPACE ENGINEERING hae acquired, from the receiver, the fixed assets and goodwill of Cartis Inspection Technology for £115,000 cash. Cartis designs and manufactures real-time inspection equipment used in the non-destructive testing and analysis of materials and components.

CHELSEA MAN is changing its year-end from March 31 to May 31 following the acquisition of the 118 shops bought last December. Accounts can then be prepared in the summer, when trading is seasonally low.

LADBROKE GROUP's property division has acquired the freehold of the former hospital site on St Vincent Street in Glasgow's central business district for £3m.

PALMERSTON HOLDINGS has purchased the freehold of two London buildings for £6m. The properties are Hope House, 45 Great Peter Street, SW and Tech West Centre, Warple Way, W.

TABACOFINA: Rothmans International now owns 97.75 per cent of the capital following its cash offer for the publicly held 40 per cent.

TATE AND LYLE offer for the outstanding shares in Redpath has been accepted in respect of some 48 per cent.

McCarthy & Stone shares drop after warning

THE SHARE price of McCarthy & Stone, Britain's biggest builder of retirement homes, yesterday fell 84p to 251p after the company warned that sales of sheltered housing had fallen sharply in the first four months of this year, writes Andrew Taylor.

Mr John McCarthy, chairman, announced a 19 per cent increase in pre-tax profits from £9.8m to £11.5m in the six months to end-February, but said the outlook for the rest of the year was unsure.

Trading conditions had worsened since Christmas and unless there was an improvement the group would have difficulty improving on last year's pre-tax profit of £34.1m.

Mr McCarthy said the company had reduced its work in progress in line with market conditions. This had contributed to its decision at the end of January to make 142 of its 3,000 staff redundant.

The company had also sold some of its town centre sites, previously earmarked for retirement homes, to other commercial developers.

But for a £3.5m profits contribution from land sales, £900,000 from the sale of the lease of the group's Mayfair offices, and a first time contribution of £400,000 from Merlin, the French second home developer, operating profits would have been about £12m instead of £17.1m.

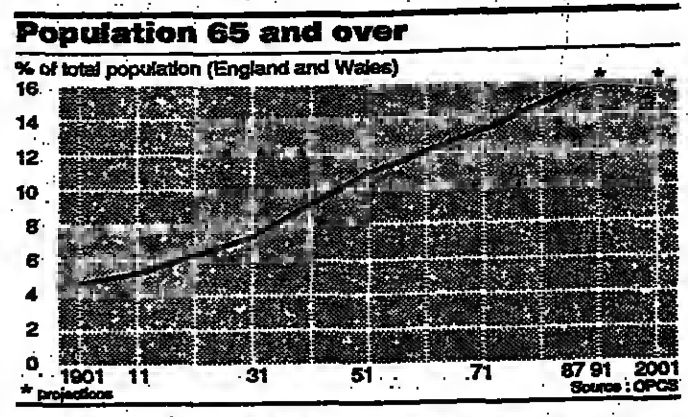
Group turnover including sales by Merlin increased from £51.9m to £75.4m. An interim dividend of 1.31p (1.14p) is declared proposed. Earnings per share stood at 11.93p (11.72p).

Cautious elderly protect nest egg

Andrew Taylor looks at the slowdown in sales of retirement homes

RETIREMENT homes had been expected to be one of the few recession-proof parts of the British housing market. The elderly buying into sheltered housing have few mortgage worries and should have been insulated from the worst effects of rising mortgage interest rates.

People over-65 also have more spending power, are remaining active and living longer than their parents. They have become an increasingly important purchasing force for a whole range of goods and services.



Yet sales of retirement homes in the first four months of this year have fallen by between a quarter and a third compared with the corresponding four months last year, McCarthy & Stone, the country's biggest builder of sheltered housing, said yesterday. So what has gone wrong?

According to Mr John McCarthy, group chairman, many people had failed to appreciate the large number of elderly who would be unable to sell their existing home and would not be able to complete their purchase of a retirement home.

The level of cancellations by people who had previously agreed to purchase retirement homes had risen by about a tenth this year to about 30 per cent.

About two thirds of cancellations were due to housing chains and problems in the broad housing market spilling over into the specialist retirement homes sector. The other third of cancellations were due to ill health.

Many elderly people were reluctant to cut the price of their homes in order to achieve a sale. It could mean the difference between a nest egg of £30,000 rather than £50,000 which might have been expected, said Mr McCarthy.

Most buyers of retirement homes were trading down, hoping to raise some capital as well as moving to a smaller more easy to manage home. The average age of a McCarthy home buyer was 74; four fifths of its purchasers were single women.

The company has recently offered to peg increases in services to the pensioner's equivalent of the retail price index. This follows criticisms raised in the House of Commons about the effect of service charge increases on elderly people with restricted incomes.

Other builders have also been suffering from a drop in sales of sheltered housing. Mr Danny Dennison, managing director of Laing Retirement Homes, part of John Laing construction group, said his company's sales had fallen by about a quarter since the start of this year.

"Most people do not have to buy a retirement home immediately. They can afford to wait a little while to see if the general housing market improves," said Mr Dennison.

Mr Peter Edmondson, chairman of Anglia Secure Homes, Britain's second largest specialist builder of sheltered housing said sales were about 20 per cent below the company's target business plan. Anglia's share price fell 42p to 352p yesterday following McCarthy's profits warning yesterday.

Mr Edmondson said: "The next 18 months looks like being tough and there could be a shake-out among some of the companies which have broken into the retirement homes market hoping to make quick profits.

"The companies which survive will be those offering better quality services and support for their customers."

The only previous occasion when sheltered housing sales have suffered a setback was at the beginning of the 1980s when sharply rising mortgage interest rates also hit all house sales.

"Sales of retirement homes dipped for about three months before picking up again," says Mr John McCarthy of McCarthy & Stone. "This time the decline is more like the housing recession of 1974, although it is unlikely to be quite as bad as that."

The company had hoped things would pick np over Easter but fears about interest rates, particularly after German interest rates increased, had further sapped confidence in the housing market.

Underlying demand for retirement homes however remains strong. There are currently just over 5m British home owners over the age of 60 compared with a retirement homes market, still in its infancy, of about 30,000 to 40,000 homes – mostly apartments blocks of one and two bedroom flats.

In 1901 the number of people aged 65 and over in England and Wales was 1.5m or just 4.7 per cent of the total population. By 1987 this had risen to 7.9m or 15.7 per cent of the population.

The elderly remain a large market for more than just retirement home builders. Market research by consumer product manufacturers show the elderly with the biggest spending power to be very conservative, cautious with their money and with a dislike of rushing into decisions, despite their declining years. Characteristics which have been displayed during the current slowdown in retirement homes sales.

Minorco freed to continue Europe's biggest takeover battle

The Takeover Panel has ruled that Gold Fields must not continue to block Minorco's £3.5bn bid without shareholder consent

The Takeover Panel yesterday ruled that Consolidated Gold Fields must withdraw from a US court action blocking Minorco's £3.5bn bid for the company unless directors could obtain shareholders' approval for continuing the action.

It also extended the offer period, outlining a timetable which means that Minorco's bid must lapse or be declared unconditional by June 7 at the latest. Below are edited extracts from the Panel's ruling.

General Principle 7 of the Takeover Code provides: "At no time after a bona fide offer has been communicated to the board of the offeree company, or after the board of the offeree company has reason to believe that a bona fide offer might be imminent, may any action be taken by the board of the offeree company in relation to the affairs of the company, without the approval of the shareholders in general meeting, which could effectively result in any bona fide offer being frustrated or in the shareholders being denied an opportunity to decide on its merits."

Rule 21 sets out certain specific frustrating actions which must not be taken without the approval of shareholders. Legal proceedings are not included. The rules are not, however, exhaustive of the situations in which the general principles can apply. So the first essential issue which we had to decide was whether commencement or continuation of the legal action in the US by Gold Fields and Newmont, without the approval of the shareholders of Gold Fields, constitutes a breach of General Principle 7 and, if so, what the remedy should be. The Panel has in the past been reluctant to interfere with the taking of legal action by parties to an offer. The Panel would not lightly seek to preclude a party from pursuing proceedings which can legitimately be brought before a court whether in the UK or overseas jurisdictions. Any attempt to invoke the jurisdiction of the courts during a takeover has in the past been resolved without it becoming necessary for the Panel to consider whether the nature of such proceedings, or the time at which they were brought, had conflicted with General Principle 7.

The US court has not made conclusive findings that any acquisition of Gold Fields by Minorco would violate US antitrust laws. The court has essentially held that Gold Fields and Newmont have a serious case which can properly go to full trial, and is "holding the ring" by the grant of an interim injunction on principles which in broad terms are not dissimilar to those on which the Court grants an interlocutory injunction in this country.

We note, however, as did Judge Mukasey in ordering a preliminary injunction, that the proposed takeover has not been challenged either by the Justice department, or the Committee on Foreign Investment in the United States. This is not, therefore, a case in which any public body in the US has initiated proceedings to prevent Minorco pursuing its bid. Whilst, as we have already stated, the nature of the proceedings is designed to secure the public benefit, those which have at present been instituted are brought purely by Gold Fields and Newmont as private litigants. We hope we have already made plain that in considering the issues before us we do not intend to show any disrespect to the US court. We consider that the issue of principle which has to be decided is exactly the same as if proceedings had been instituted in the courts of this country.

We are conscious of the implications for control over bids if parties seek the intervention of a court. Although we are not suggesting that this is so in the present case, litigation could become a tactical weapon intended to prevent a bid from being considered on its merits. All this could take place regardless of the views of the shareholders who own the company.

We think that, in principle, this would be highly undesirable and potentially gravely damaging to the orderly conduct of bids. In saying this, we are not suggesting that it may not be appropriate to take legal proceedings which frustrate a bid. All we are saying is that the shareholders should be entitled to decide whether such actions should take place.

The essential submission of Minorco was that the legal proceedings were now frustrating the offer and preventing the shareholders from deciding the bid on its merits. Gold Fields accepted that litigation, whether in this country or in other jurisdictions, could constitute frustrating action. It further accepted that the issue of whether frustrating action in fact existed had to be assessed objectively by regard to all the circumstances. Gold Fields' principal submission was that Minorco had made its second offer in the knowledge of the existence of the US proceedings. It had made the cessation of those proceedings a condition without fulfilment of which its offer would not be declared conditional. The bid had been conducted throughout in the full knowledge that the US proceedings could prevent the offer being implemented.

It further submitted that the proceedings in the US court have substance and are legitimately brought to protect the interests of the companies concerned. It argued that the proceedings are being pursued in fulfilment of the responsibilities of its directors to protect the interests of the company. It submitted that this remained the position, notwithstanding that the majority of shareholders had by April 26 clearly indicated a wish that control of the company should pass to Minorco.

The Panel's reasons

We have stated that legal proceedings can in principle clearly constitute frustrating action. Such action is not to be evaluated just by reference to the subjective intention of the directors, although this may be relevant, since the essential test is whether the action taken by the board "could effectively result in any offer being frustrated..." This is ultimately an objective test.

Clearly, depending upon their nature and timing, legal proceedings can have this result. In the present case, the form of injunction is unequivocally framed so as to prevent Minorco from implementing its offer and so would have the effect of precluding its success irrespective of the wishes of shareholders. The stage has undoubtedly been reached now, whatever the position earlier, where the litigation is plainly frustrating the offer. It is solely the litigation which stands between Minorco and the success of its bid.

This would remain the position until such time in the future as proceedings are finally held and determined in the US courts. This could be a year or considerably more if the appeal processes were invoked. We consider that this plainly has the effect of frustrating the offer. Nor do we consider the position is different because of the nature of the duty of directors.

General Principle 7 is one of the most important in the Code. It prevents action being taken by directors which may bring the interests of management into conflict with those of shareholders. It is an important element in securing that shareholdere be given the opportunity to consider a bid for their company. We consider that, if the board of Gold Fields think it appropriate to continue their action, they should comply with the Code by seeking to obtain the consent of shareholders at the earliest possible opportunity.

If this consent is obtained, then it will be wholly appropriate for Gold Fields to continue the proceedings. If it is not obtained, then Gold Fields should discontinoe the proceedings which as a private litigant it is free to do at any time. This way of proceeding, therefore, ensures that the wishee of shareholders are taken into account, but in no way involves an interference with the jurisdiction of the US courts.

In reaching this conclusion, we considered carefully the argument that the position should have been considered at an earlier stage. It is perfectly true that, at the commencement of proceedings in the US, Minorco could have formally asked the panel to rule whether, if those proceedings developed in a particular way, they would frustrate a bid. It is also true that the [Panel] executive could then, or at any subsequent stage, have raised the point on its own initiative. Gold Fields itself could for that matter have consulted on the point, although we are in no way criticising it for failing to do so.

However, the issne would have remained wholly academic if, in this close fought contest, Minorco had not obtained sufficient acceptances or had succeeded in its attempt to have the US injunction discharged. We accept that the offer was considered by shareholders without the knowledge that the Panel might subsequently be asked to reach the conclusion that the proceedings were frustrating the offer. But we have to weigh this point against the fact that, at the present time, the continuance of the proceedings is undoubtedly frustrating the wish of shareholders holding the majority of Gold Fields' shares that control should pass to Minorco. It is very important to uphold the principle of majority control. It is also important to make it plain that in the ordinary course of events there should be recourse to litigation to prevent the offer only if the shareholders consent.

The Panel then considered at length the relationship between Gold Fields and Newmont, and the decision by the board of the latter that, irrespective of whether Consgold continued its action, Newmont would not withdraw its own proceedings. It concluded that Gold Fields did not in a legal sense control Newmont.

We accept that, in view of its shareholding, Gold Fields may have considerable influence in regard to the general direction of the affairs of Newmont particularly in so far as its corporate plans might require the raising of new capital. We do not, however, consider that it has controlled, procured or been a dominant influence in the commencement or continuance of the legal proceedings by Newmont. Nor do we consider that it could require or procure their discontinuance.

We do not consider we can properly make any order against Gold Fields in regard to the legal proceedings commenced by Newmont. Minorco considered that we should require those directors of Gold Fields who were also directors of Minorco to use their best endeavours to persuade or influence Newmont to withdraw its anti-trust proceedings. We consider that such an approach would be inappropriate.

The Panel's order

We consider that we should proceed in an orderly way by requiring Gold Fields to discontinue its litigation forthwith, unless it is approved by shareholders. We should set a timetable which enables that issue to be decided by May 30. We should then allow a further seven days from the date of the shareholders' meeting or, if Gold decides not to convene a meeting, from the date Gold Fields withdraws its litigation before the bid must lapse. This is in case for any reason, in the light of the decision of Gold Fields, Newmont reconsiders its own previously held view as to the future of its proceedings or, in the admittedly limited time available, the US court reaches any different decision as to the future of the action.

We think that all proper steps should be exhausted before it is accepted that the majority decision that control of a company subject to the Code should pass to Minorco is rendered ineffective by any action in the US court. We recognise that this extends the last potential date by which the bid can become fully unconditional by 20 days beyond day 81, but this is not beyond the latest date on which payment would become due to accepting shareholders under the terms of the offer. We consider it would be less fair to those shareholders who have accepted the bid if we did not require Gold Fields to discontinue its frustrating action unless it gets shareholder approval.

Conclusion

This, as we have indicated, has been a most difficult case. We wish to emphasise, however, that legal proceedings taken by an offeree company without the consent of shareholders should not be employed so as to frustrate an offer. This applies whether the proceedings are brought in the courts in this country or in any other jurisdiction. Such proceedings raise problems under the Code at the time when they create a clear conflict between their continuance and the offer timetable.

If there is a risk of this happening, the offeree should consult the Panel well in advance. We expect that in practice the process of litigation will often require that shareholders' consent be sought after, rather than before, proceedings are commenced. Although the timing of any meeting should normally be for the offeree company to decide, shareholders may well find it easier to resolve the issue when the bid has reached a mature stage.

We do not anticipate that in the normal course of events, the decision of a majority could be rendered ineffective by the taking of proceedings by a third party.

The present case is very exceptional. It has been Europe's largest takeover bid and has been bitterly contested between two major international groups. One protagonist is associated with the world's largest producer of gold. The other protagonist is the second largest producer. Over half the assets of Gold Fields are in the US.

It is said by Newmont that the proposed bid could seriously affect the trading activities and interests of a major US public company which has its own interests separate from Gold Fields and which, on the evidence before us, has acted independently of Gold Fields.

We consider that a situation of this kind, although it may arise again, will not frequently do so. Offeree companies should realise that this decision should in no way encourage them either to use foreign subsidiaries to commence frustrating proceedings, or to try to procure third parties to do so.

UK COMPANY NEWS

Bunzl to sell loss-making transport side for £37.7m

By Clay Harris

BUNZL, the distribution and specialist manufacturing group, is to sell its loss-making transport division to management for £37.7m in cash and redeemable preference shares. It will retain a 10 per cent equity stake.

The disposal ends Bunzl's 3½-year involvement in the UK transport sector and illustrates its determination "to concentrate on businesses which offer high value-added potential." The parallel sale of the group's US food services operation is expected to be announced shortly.

The division comprises a profitable specialist distribution operation, including warehousing and freight-forwarding, and a loss-making national parcels delivery service. Bunzl entered the market in 1985 with the acquisition of United Parcels and snbsequently expanded by internal growth and acquisition.

In 1988, however, a difficult second half meant that the two businesses together made operating profits of only £400,000 for the full year, losing £3.2m at the pre-tax level. Losses have worsened so far this year, as fierce price competition reigned in the over-crowded parcels market.

Although Bunzl had been willing to sell the two businesses separately, and had received approaches for the distribution side, it decided that the deteriorating trading position of the parcels operation made it unlikely an independent buyer could be found for the latter.

Bunzl decided to sell the transport businesses last summer. In its 1988 accounts, the company listed profits up to that time above the line as "discontinued activities" but took the operating results afterwards — a loss of about £4.4m — as an extraordinary item. It also made provision for expected further losses this year until the expected disposal.

Yesterday, however, Bunzl said the disposal would lead to another £8.4m extraordinary debit, before costs and tax relief, in 1989. The figure represented both worsening operating losses and an additional write-down of book value, according to Mr James White, chairman and chief executive.

Bunzl will receive £19.4m in cash on completion and another £7.5m at the end of the year. In addition, it will be issued £11m in preference shares, redeemable in 1995 or on flotation or change of control, if earlier. It will retain a 10 per cent equity stake.

The group will retain property valued at £8m and extend an interest-free secured loan of £7m. Bunzl's borrowings will be redneed by the buyer's assumption of £6.2m in finance leases.

The buy-out is backed by the Phildrew Venture Fund.

Parkland expands to £2.57m despite 9% decline in sales

By Graham Deller

PARKLAND TEXTILE (Holdings), the Bradford-based woollen yarn, worsted cloth and clothing manufacturer, yesterday nnveiled pre-tax profits 8.8 per cent higher at £2.57m for the year to March 3 1989.

The outcome, up from £2.37m in the previous year, fell slightly shy of City expectations and bore out the cautious tenor of the company's statement at the halfway stage, which warned of more competitive trading conditions.

However, Mr John Hanson, chief executive, expressed satisfaction with profit margins which improved to 4.7 per cent. Sales dipped 9 per cent to £54.47m (£59.75m), but earnings per share improved over 17 per cent to 24.2p (20.6p) and the recommended final dividend of 4.3p makes 6.3p (5.7p) for the year.

Capital expenditure during the year under review exceeded £2.4m and Parkland intends to pursue increased market share in npmarket wool-based prodncts both in the UK and export markets. The expenditure was aimed to consolidate this position, Mr Hanson said.

The Knoll Spinning subsidiary had endured difficult trading conditions due to cutbacks in the UK knitwear industry, but "positive steps" were being taken to expand sales.

Turnover declined in the restructured fabric division reflecting higher wool prices which led a number of clothing retailers to partly switch to synthetic fabrics. This, according to Mr Hanson, highlighted the need for the division to increase its exports.

Profitability in the men's wear side improved "through attention to detail both in quality and production". An extraordinary charge of £166,000 related to the disposal of the women's and children's wear businesses.

McInerney Properties shows 23% advance

By Paul Cheeseright, Property Correspondent

MCINERNEY Properties, the Dublin development and contracting group, lifted pre-tax profits 23 per cent last year and is paying shareholders 20 per cent more in dividend.

The group, whose interests are spread across Ireland, the UK, Spain and Portugal, saw a sharp increase in its British commercial and housing business and in its Irish contracting activities.

Profits for the year 1988 were I£7.06m (£5.9m) compared with I£5.74m in 1987. Earnings per share rose 18 per cent to 22.1p (18.7p).

Shareholders will receive a final dividend of 4.5p, bringing total payment to 6p, against 5p for 1987.

McInerney also announced site acquisitions in the City of London, Holborn and Kensington which will permit a start this year to developments expected to have a completed value of £32m.

After a year when McInerney saw UK housebuilding turnover rise to £31.44m from £22.24m against the background of a quietening market, growing emphasis will be placed on commercial property development.

In Ireland the group's biggest project is its one third share in the Custom House Docks scheme where the office content is 760,000 square feet. Although the first building has been sold, revenue from this project is unlikely to atart showing strongly in the McInerney figures until 1991.

The group is also involved in leisure developments in Spain and Portugal. It has finished one resort in Portugal and started a second, while a further project is underway in Spain.

Given its spread of activities, McInerney is "cautiously optimistic" about further profit rises during the current year. Its current gearing is 65 per cent.

Automotive side helps Corton Beach to £3m

THE EXPANDED Corton Beach group, with interests in car dealing, food, textiles and leisure, pushed its turnover to £107.18m in the year ended January 31 1989, from which it generated a pre-tax profit of £3.13m.

Some £3.5m was spent in developing existing businesses and on acquisitions: five more companies were bought. Corton Beach joined the USM in June. In the previous year the group profit was £1.87m from turnover of £49.26m.

Earnings were 8.01p (5.86p). The dividend is 0.625p (0.5p).

Franchises were currently held for Austin Rover, Audi, Volkswagen, Mazda, Mitsubishi, Fiat, Vauxhall/Opel and Peugeot/Talbot.

In food, the expansion was considerable and the acquisition of Norpak Foods broadened the base of interests.

Corton has a 56 per cent interest in Propeller, the textile company. Arrangements are in hand for its introduction to the USM; Corton will sell half its stake and retain the rest to continue the development of Propeller.

Yearlings down ⅛%

The interest rate for this week's issue of local authority bonds is 12⅞ per cent, down ⅛ of a percentage point from three week's ago. There is no comparative figure from a year ago. The bonds are issued at par and are redeemable on May 16 1990. A full list of issues will be published in tomorrow's edition.

Titon at £0.77m midway

FOR THE six months ended March 31 1989 Titon Holdings increased its pre-tax profit from £642,000 to £774,000, reflecting buoyant trading throughout the period.

The group is USM quoted, and makes window fittings and accessories. The profit was earned on turnover of £4.4m (£3.5m). Margins were slightly lower in the first quarter becauss of exceptional metal cost increases, but they recovered in the ensuing months.

Mr John Anderson, chairman, said the company moved the fabrication and assembly operations into the new factory, and all associated costs were accounted for in the half. Earnings came to 4.69p (4.21p) and the interim dividend is 0.94p (0.85p).

He felt Titon was in a position to take advantage of sales opportunities and looked for a satisfactory year. It was too early to predict the likely outcome on the business of the reduction in new housing starts.

The search for another £1bn earner

Peter Marsh looks at progress on Glaxo's "treasure trove" of 25 major new drugs

THROW OUT the tea-leaves and try a dose of hard science. This is what Glaxo, Britain's biggest pharmacentical company, appears to be saying to the small army of analysts and fund managers who are attempting to monitor its progress.

At a meeting last week at Glaxo's research headquarters in Greenford, West London, the company spelt out in some technical detail progress concerning the 25 important products passing through the late stages of its research and development programme.

Exactly what happens to these products - many of which are earmarked for launch on world markets over the next few years - is crucial to determining whether Glaxo can continue its meteoric success of the past decade.

Over the last ten years, Glaxo has leapt from obscurity to become the world's second biggest drugs group after Merck of the US. It is this year planning to spend some £300m on its research and development programme.

Mr Bernard Taylor, who resigned yesterday as Glaxo's chief executive after a board-room clash, was in many ways the architect of the company's long-term research programme, even though day to day responsibility for running this is left to Dr Richard Sykes, the company's research director. Only a few weeks ago Mr Taylor was full of enthusiasm about the products in Glaxo's portfolio, describing them as a "treasure trove of ideas".

Glaxo is capitalised at about £7bn, or roughly two per cent of the valne of the London stock market, and the company is monitored on a day-to-day basis by several dozen brokers' analysts who watch its every move for signs of future progress.

Glaxo has taken the view that its own interests are served best by providing these people with as accurate and as scientifically full a picture of the drugs in its development programme as possible: and this was the rationale behind last week's meeting.

On the basis of the information supplied to the Greenford gathering, there has been virtually no slippage in the past year for most of the major prodncts for which the company has high hopes for the 1990s.

Among these drugs are ondansetron, a drug for treating nansea associated with cancer therapy; sumatriptan, for treating migraine; and salmeterol, an asthma formulation.

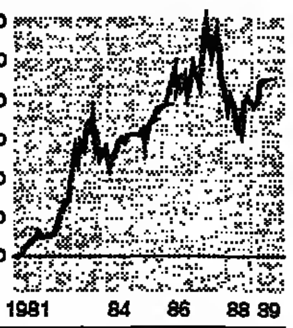
These products, according to some observers, could eventually each have revenues of several hundred million dollars a year.

That would pnt them into something approaching the blockbuster category of Zantac, Glaxo's anti-ulcer drug which has annual sales of more than £1bn a year and which has largely been responsible for the company's rapid growth in recent years.

Of the 25 drugs in Glaxo's research pipeline that the company has identified, 16 are in a relatively early stage of development and are being tested either on animals or on small numbers of human patients.

GLAXO

Share price relative to the FT-A All-Share Index



The other nine are undergoing full clinical trials involving large numbers of people, in some cases amounting to several thousand patients for each drug.

These so-called full development drugs cover a range of therapies, including heart disease and infectious ailments, and are likely to become generally available for prescription by the early to mid-1990s after governments around the world have granted the necessary product licences.

In the case of most of its full development compounds, Glaxo is now getting ready to submit the applications for these licences. Each one is backed up by some 20,000 typed pages of data ontlining the drugs' effect on people and animals during the trial procedures.

Last week's Greenford meeting is the third in a series of regular presentations by the company of its research programme which began two years ago. Glaxo intends this practice to continue with analysts being given an annual up-date on significant events in its research activities.

Sir Paul Girolami, exectutive chairman: try a dose of hard science

Glaxo is not alone among pharmacentical companies in attempting to be more open about its research portfolio.

Beecham, Imperial Chemical Industries and Welcome - three other big UK drugs groups - have also organised special sessions to explain their development programmes to the outside world.

In all cases, pressure from the drug industry analysts themselves - who have grown more numerous and better scientifically-educated in the past few years - has been the main factor in leading to this spirit of glasnost among the pharmaceutical businesses.

From the companies' point of view, this openness can lead to mixed results. On one hand, giving analysts details of an important and inherently complex part of their activities can help relations with the whole of the financial community.

It can also reduce the chances of sudden fluctuations in their share prices of the kind that can result from an individual analyst over-reacting to a particular piece of product news he or she has not fully understood.

On the other hand, a possible disadvantage is that drug companies like Glaxo, which are relatively liberal in dispensing information related to their research programmes, may be setting themselves up for a fall should anything go badly wrong.

Under this open approach, the whole world would be allowed to share in the details of a drug dropped from the research programme due to unacceptable levels of toxicity or some other problem - in sharp contrast to the position a few years ago when information was less freely handed out and few people outside the company would have learned of such an event.

Another potential problem for drug companies is what they may be divulging to competitors; indications that a group like Glaxo is paying particular attention to a certain group of chemicals in tackling a specific medical condition may alert other companies to try the same tack.

Sometimes, rivals who discover this kind of information go to the lengths of patenting similar molecules to those which the first company is working on. This practice, known as nuisance patenting, can sometimes seriously impede commercial exploitation of its work by the company which has originated the breakthrough.

COMMODITIES AND AGRICULTURE

British farmers face nitrate curbs

By Bridget Blnnm, Agriculture Correspondent

BRITAIN IS to restrict farmers' use of nitrate fertilisers and control other farming practices in an affort to reduce pollution in drinking water.

Mr John MacGregor, the Minister of Agriculture, announced yesterday that the Government would set up pilot zones within the next year wbere such restrictions would be applied, he boped on s voluntary hasis

Farmers asked to adopt measures whicb went beyond "good agricultural prsctice" would be compensated, the minister said.

The Government's plans for what it is calling nitrate sensitive areas (NSAs) will not be finalised until later this year, following consultation with nearly 200 interested parties, including the National Farmers' Union, which hroadly welcomed tbe proposals yesterday, the fertiliser industry and eovironmeot lobbies, Mr MacGregor said.

The areas should he established well before agreement in Brussels on a European Community draft directive, published in January, which calls for the setting up of such nitrate protection zones.

Britain has roundly criticleed that directive as heing both unreasonable and inflexible.

The Britisb proposals, publisbed yesterday in a consultative documeot*, are clearly designed hoth to be more flexible and more limited than the EC proposals.

In a briefing on the document, Mr MacGregor made much of the experimental nature of the NSAs. They were designed above all to test what measures might be found effective, ahead of EC-wide regulations. Mr MacGregor resolutely refused, however, to be drawn on the the size, number and geographical extent of the proposed NSAs, or the probable cost of compensation.

These were all questions which would be addressed once the consultation process was concluded later this summer, be said. The minister also refused to comment on suggestions that the pilot areas would he based on so-called desk studies of ten areas in East Anglia and the Midlands where nitrate levels in drinking water sources exceed or were near the maximum EC limit of 50 mg per litre.

The most be would say was that the areas would be designed to test a range of different conditione, and the effectiveness of a range of different measures in lowering nitrate levels.

The document states that NSAs would be established in areas "where nitrate concentrations in water sourcea exceed or are at risk of exceeding, the limit of 50 mg/l in EC Drinking Water directive 80/778." (see map) "The aim of the scheme would be to control the entry of nitrate from agricultural land into water sources."

Tbe NSAs would not be intended to preclude other ways of reducing nitrate levels, such as water treatment or blending.

Powers enabling the Government to establish tbe areas were tabled yesterday in the form of an amendment to the Water Bill, currently in Committee in the House of Lords, which deals with tha privatisation later this year of Britain'e water eupplies.

That Bill provides for the establishment of an independent regulatory hody, the National Rivers Authority, which will be set up in the autumn and will then tender advice on the extent of the new NSAs. The Ministry of Agriculture and the DoE jointly designate the areas, whicb will then be the subject of local consultation.

The scheme as outlined in yesterday's document has three principal features:

- Measures which will not carry compensation but whicb involve an intensive advisory campaign among farmers to induce them to follow good agricultural practices, such as not using fertiliser or manure in the autumn, or planting cover crops on arable land during the winter to minimise leaching.
- Maasures which will be compensated, among which the most radical is the "replacement of existing arabla land by unfertilised grassland without clover." (This could hit farmers in Lincolnshire, for example, who are reliant on cereals and potatoes, particularly hard).
- Livestock and dairy farmers could be hit by provisions to restrict stock densities and/or manure applications.

Other measurea could include limits on organic as well as chemical fertilisers and conversion to crops which prodnce less nitrate than, for example, potatoes

The NSAs would be voluntary in the first instance, with compulsory powers available as a back-up, if voluntary measures fail to stop leaching

Compensation could be paid on a standard rate, as happens now for land "set-aside" from arable production, but would be more likely to be tailored to the type of farming involved, as is the case with the "envirounmentally sensitive areas", where farmers are paid to follow good conservation practices.

Mr MacGregor acknowledged yesterday that NSAs would be manpower intensive to set up and "police". One of his major concerns would be to try to avoid them becoming a bureaucratic nightmare.

Nitrota Sensitioe Areas Scheme. Ministry of Agriculture, Rm 46, Nobel House, Smith Sq., London SW1

Nitrate excesses

Areas where certain drinking water supplies exceed the EC limit for nitrate

Coffee prices soar amid panic buying

By David Blackwell

PANIC COVERING of short positions sent robusta coffee futures prices soaring on the London market yesterday as concern mounted about tight supplies.

The May contract on the London Futures and Options Exchange (Fox), which ended on Monday at £1,210 a tonne, closed at £1,315 a tonne. The dramatic rise in nearby coffee prices draggad the other contracts op and the July position closed at £1,149 a tonne, np from £1,127 at Monday'e close.

Similar buying panic gripped New York as it opened. Delivery notices against the expiring May contract have been few.

In London tenders against the spot May contract so far total only 897, while uncovered positions on Monday were 7,887.

Exporting country members of the International Coffee Organisation have been undershipping their quotas, and stocks held by roasters have been falling. Bnt this is not unusual for the time of year.

Me Brenda Sullivan, coffee analyst with GNI, said the ontlook for prices was volatile. "A lot of curious things are happening in this market – traders with 25 years experience have been perplexed," she said yesterday.

Institute sees uranium industry 'on the road to recovery'

By Kenneth Gooding, Mining Correspondent

THE PRICE of uranium bas fallen to depths never seen since spot prices were first pohlished but industry executives and eome natural resources analysts believe the uranium industry is on the verge of recovery.

There are even some suggestions that uranium might be in short supply in 1990-91.

Observers point in particular to growing awareness of the serioue climatic prohleme caused by the increased combustion of fossil fuels and the so-called "greenhouse effect."

Mr Roy Lloyd, chairman of tha Uranium Institute, says in a foreword to the Institute's latest publication* that no source of energy is totally void of environmantal impairment or without some risk to public safety.

He suggests that the world's potential hydro-electricity aupplies are almost fully exploited and the only serious alternatives, if the world is to have the power it demands, are coal and nuclear.

"The concerns which the public has over tha generation of electricity from uranium are all too familiar," he adds. "On the other hand, the hurning of coal and other fossil fuels has led to serious international concern about acid rain, the greenhouse effect and damage to the ozone layer. This latter concern is now coming into focus."

Mr Lloyd says the industry has been getting mixed signals in the past year – installed gross nuclear power capacity increased by 7.5 per cent in the year to June, 1988, but new reactor orders were virtually non-existent. However, he dismisses the idea that the industry is due for further stagnation and decline and says: "I believe our industry is on the road to recovery and that we could well be on the verge of revitalisation."

Shearson Lehman Hutton's London metals and mining team, has arrived at the same conclusion. "Wa believe tha uranium market is at its nadir and now is the time to take strategic (shareholding) positions in uranium producers," says Shearson's weekly mining review.

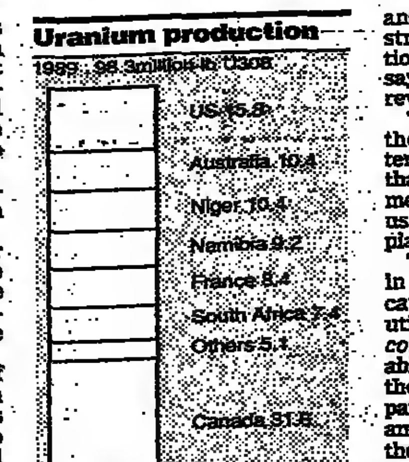
"Whether we like it or not, the inevitable rise in global temperatures and the impact that will have on local environment and agriculture will force us all to accept more nuclear plants," it suggests.

The review says the collapse in the uranium price has been caused hy the reluctance of utilities to enter into long-term contracts in which considerable premiums are paid over the spot price. "They are prepared to let stock levels deplete and, if necessary, purchase on the spot market."

Mr Phillip Crowson, head of the economics department at the RTZ Corporation, a major uranium producer, suggests in the Uranium Institute's book that, for all practical purposes, the industry probably is operating much closer to the limits of effective capacity than available data might suggest.

"When the uranium market finally turns, there will doubtless be the same initial surprise and disbelief as greeted the recovery of base metals in 1987. Yet (analysis of the available data) strongly suggests that a turn is on the way, and for a combination of strictly economic reasons." **Uranium and Nuclear Energy: 1988", £50 or $100, from the Uranium Institute, 68 Knightsbrige, London SW1X 7LT.*

Uranium production



WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in *brackets*).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,950-2,025 (2,000-2,055).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.00-6.25 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 6.75-7.00 (6.70-7.00).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.40-7.60 (7.40-7.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 255-275 (255-290).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.65-3.70 (3.60-3.65).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 6.90-7.50 (6.90-7.70).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 55-65 (same).

VANADIUM: *European free market*, min. 98 per cent, $ a lb VO, cif, 8.30-8.60 (same).

URANIUM: Nuexco exchange value, $ per lb, UO, 11.20 (same).

Problems dog efforts to revive the sisal industry

Aidan Hartley on the crop Tanzanians used to call 'white gold'

IN THE "good old days" Tanzania's sisal barons, who grew rich on the crop they liked to call "white gold", could afford to huild castles on their estates and ship in Louis Armstrong to entertain them at their seaside club. But that all changed after Jullus Nyerere's Arusha declaration nationalised most large estates in 1967.

At tbat time the country commanded 50 per cent of world exports of the fibre, with an output of 220,000 tonnes, but gradually it lost its market sbare to Brazil, now tbe world's higgest producer of high quality sisal, Kenya and Mexico, which produces henequen, another twine-making fihre. Tanzania's output now stands at just 30,000 tonnes a year.

Efforts to raise Tanzanian production have been given a boost this season, however, by higher export prices. The fob price for undergrade fibre, normally used for baler twine, has climbed steadily from $400 a tonne in October to $490, while the higber quality No. 3 long grade fihre has risen from $505 to $560 a tonne, says Mr Saleem Karimjee, chairman of the Sisal Growers, Spinners and Marketing Association

The Tanzania Sisal Authority, which runs the nationalised estates, blames the earlier fall in world sisal prices from $1,000 a tonne in the mid-1970s on the increasing popularity of polypropylene twine. Private growers, bowever, point to the mismanagement of nationalised estates and marketing inefficiencies.

"One of the main reasons why the sisal industry declined was the single channel marketing system through the TSA," says Mr Karimjee. "During those years our estates were being financed by depreciation of our assets."

Processing equipment, mucb of it installed in the 1940s, simply hroke down and could not he replaced because of lack of foreign exchange. Annual replanting fell from 10 per cent of estate area to just 3 per cent, while the total area under sisal shrank from 280,000 bectares to less than 100,000 hectares.

On the advice of former president Nyerere's, privatisation of some estates was arranged during 1986 and 1987, attracting considerable interest from foreign investors.

Both private and public sectore have now launched replanting campaigns which aim to double production by the mid-1990s. Massive devaluation of the shilling has widened the gap between production costs and export revenues, but growers do not have the foreign exchange to finance imports of equipment.

Trade llberalisation under the current IMF-designed adjustment programme theoretically eases this shortage, with a 10 per cent foreign exchange retention on exports and provision of foreign exchange for essential imports, but growers complain of rampant hureaucracy and corruption in allocation of import licences.

"If I have a tractor break down today, I cannot expect spares for six months, if all goes well," says one estate manager.

Furthermore, there are not enough workers in the fields since wages are low, even by Tanzanian standards, at about US $10 a month.

"We have a serions labour shortage for cutting 1989's harvest," says Mr Ibrahim Kaduma, managing director of the TSA.

Long term market prospects for sisal look grim, with world demand shrinking at a rate of 7 per cent a year, according to projections hy the UN's Food and Agriculture Organisation. Despite fluctuations in the price of oil, polypropolene has consistently undercut the price of sisal by more than US $20 a tonne.

"However, the world market is becoming conscions to the environmental advantages of natural fibres over synthetics again," says Mr Karimjee.

"The world market is declining for traditional end uses, but on the other hand, there are prospects for new ones," according to Mr Guy Boissonnas, estates manager for the Amboni group. These would mean a shift away from twine, bags and cordages to specialised products such as currency paper, surgical bandages, paper used in high-tech industries and even tea bags.

Equally eignificant is the closure of spinning mills in developed countries becanse of high production costs.

Tanzania's own spinning mills, which could consume the country's entire production, are running at 10 per cent of capacity.

"Tanzania is a producer of high quality fibre, and should move into spinning prodncts which will use this. Now it is being wasted on low quality products and we fail to get the value added," says Mr Boissonnas.

"The market will continue to decrease, but there will always be a place for fibre," be insists.

London tries to keep commodity pacts

By David Blackwell

TWO LONDON-haeed commodity organisations which could be forced out of London by high rents meet today to consider an offer from the London Chamber of Commerce that could keep them in the city.

The Chamber, backed by London'e commodity trade, has sent a letter to the International Wheat Council and the International Sugar Organisation saying it would use its best endeavours to ensure that their costs were kept at the same level for the next five years.

Mr Tony Platt, chief executive of the Chamber, said a sub-committee of the council would also meet today to work out further details of the offer. "The talks are still at an exploratory etage," he said yesterday. "We are trying to find a formula to ensure the organisations stay in London with a certain security that the rent will remain at a similar level for a certain number of years."

Mr Jean Parotte, the IWC executive director, eaid the joint ISO and IWC meeting today would be considering various options. France has offered subsidies of FFr 30m over 10 years for a move to Paris, while the Dutch have offered Fl 4.5m for Amsteriam. Both he and Mr Alfredo Ricart of the ISO have visited both cities.

Mr Saxon Tate, chairman of the London Futures and Options Exchange (Fox), fears that if either organisation leaves, the cocoa and coffee organisations could soon follow.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL prices continusd to recover from last waek's sharp aell-off with the cash quolation on the London Metal Exchanga closing $137.50 higher al $13,925 a tonne. Dealars said although soms consumer buying appeared to havs bsen attracted by last week's fall to 5-month lows, most and usars wara thought to havs covered thsir immediats requiremsnts. Lack of buying urgency was raflected in a narrowing in the cash premium over thrss months metal from $162.50 to $100 a tonne, they noted. Copper also gained ground, rscouping some of Monday's sharp dacline. The cash position closed £23.50 up at £1,700 a tonne, as rsports of Far East buying encouraged general covaring and soms fresh merchant damand. Other LME basa metals finishad ths day modestly lowar in generally featureless trading.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.25-5.35q	+0.25
Brent Blend	$16.05-6.15q	+0.25
W.T.I. (1 pm est)	$16.85-6.90q	+0.23
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$263-265	-7
Gas Oil	$143-145	-1
Heavy Fuel Oil	$85-87	+1.5
Naphtha	$178-179	+4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$376.75	-0.75
Silver (per troy oz)♣	563c	+2
Platinum (per troy oz)	$531.5	-1.6
Palladium (per troy oz)	$160.75	+0.15
Aluminium (free market)	$2335	-15
Copper (US Producer)	136⅝-133c	-6
Lead (US Producer)	38c	
Nickel (free market)	620c	+5
Tin (European free market)	$10437.5	-27.5
Tin (Kuala Lumpur market)	27.98r	
Tin (New York)	481.5c	+4.0
Zinc (US Prime Western)	87¼c	
Cattle (live weight)†	116.90p	-3.50*
Sheep (dead weight)†	251.62p	-2.23*
Pigs (live weight)†	86.09p	-0.12*
London daily sugar (raw)	$307u	+2
London daily sugar (white)	$350u	+4
Tate and Lyle export price	£296	+2
Barley (English feed)	£104.25w	
Maize (US No. 3 yellow)	£134.5	
Wheat (US Dark Northern)	£126.75u	
Rubber (spot)♥	57.25p	+0.50
Rubber (Jun)♥	65.25p	+0.50
Rubber (Jul)♥	65.25p	+0.60
Rubber (KL RSS No 1 Jun)	285m	
Coconut oil (Philippines)§	$585.5v	
Palm Oil (Malaysian)§	$415	
Copra (Philippines)§	$370	
Soyabeans (US)	£202	-1
Cotton "A" Index	77.25c	+0.20
Wooltops (64s Super)	618p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Jun/Jul. u-May/Jun. q-Jun. x-Apr/May. w-Aug. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	697	685	701 695
Jul	714	710	719 705
Sep	732	729	736 725
Dec	770	771	780 770
Mar	770	768	773 765
May	779	778	783 773
Jul	795	790	792 790

Turnover 6983 (11771) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 8: 924.37 (935.84): 10 day average for May 9: 956.53 (961.60)

COFFEE £/tonne

	Close	Previous	High/Low
May	1310	1210	1330 1211
Jly	1148	1127	1165 1128
Sep	1085	1072	1085 1075
Nov	1050	1052	1070 1050
Jan	1056	1052	1065 1060
Mar	1055	1052	1060 1059
May	1060	1052	1060 1059

Turnover 7021 (2257) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 8: Comp. daily 114.85 (113.94). 15 day average 117.19 (117.43)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	276.00	276.40	280.60 274.60
Oct	274.40	275.00	277.60 272.60
Dec	274.00	276.00	271.00
Mar	265.20	266.60	266.00 265.00
May	265.00	266.00	265.00
White	**Close**	**Previous**	**High/Low**
Aug	347.00	343.20	348.10 342.50
Oct	330.00	329.00	332.00 324.00
Dec	323.00	324.50	
Mar	317.00	315.00	320.00 315.00
May	314.00	315.00	316.00 310.00

Turnover: Raw 2238 (1411) lots of 50 tonnes. White 1530 (347).
Paris- White (FFr per tonne): Aug 2217, Oct 2130, Dec 2085, Mar 2055, May 2040, Aug 2025.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jun	18.04	17.86	18.02 17.65
Jul	17.22	17.15	17.28 17.01
Aug	16.77	16.72	16.82 16.70
IPE Index	18.56	18.52	

Turnover: 7961 (4634)

GAS OIL $/tonne

	Close	Previous	High/Low
May	144.50	143.75	144.00 141.50
Jun	141.00	140.50	141.50 138.50
Jul	141.00	140.25	141.25 139.00
Aug	141.75	141.25	142.50 140.25
Sep	142.75	142.00	142.50 140.00
Oct	144.50	143.25	
Nov	146.00	143.75	145.00 144.00

Turnover 7567 (7509) lots of 100 tonnes

COTTON

Liverpool- Spot and shipment sales for the week ended May 5 came to 330 tonnes against 419 tonnes in the previous week. Orders moved fast with interest showing mainly in Pakistan, Russian and West African qualities.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 13,000 tonne
Cash	2320-30	2345-55		2330-40		
3 months	2155-60	2175-80	2190/2130	2165-70	2150-5	33,126 lots
Copper, Grade A (£ per tonne)						Ring turnover 58,975 tonne
Cash	1699-701	1675-8	1685/1684	1683-5		
3 months	1685-6	1664-5	1686/1664	1672-3	1680-2	72,639 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	558-60	557-60		533-4		
30 June	566-8	561-4		560-2		346 lots
Lead (£ per tonne)						Ring turnover 5,225 tonne
Cash	372.5-3	374-6	375/372.5	374-5		
3 months	370-1	371-2	372/368	371-2	371-2	10,400 lots
Nickel ($ per tonne)						Ring turnover 1,764 tonne
Cash	13900-50	13775-800	13800	13775-825		
3 months	13800-50	13600-50	13800/13700	13700-25	13750-800	7,529 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,700 tonne
Cash	1665-70	1710-20	1680	1680-3		
3 months	1596-600	1610-20	1620/1595	1595-600	1615-20	11,045 lots
Zinc ($ per tonne)						Ring turnover 4,550 tonne
Cash	1580-5	1615-20	1593	1592-3		
3 months	1547-50	1580-5	1555/1540	1545-50	1550-60	11,482 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	161.0	167.5	180.1 157.0
Nov	81.0	90.5	91.0
Feb	100.0	99.5	
Apr	147.4	149.0	147.5 145.5
May	161.0	164.0	159.9

Turnover 248 (273) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	159.00	160.00	
Aug	152.50	153.50	152.00
Oct	152.00	153.50	151.50
Dec	153.50	155.00	153.00

Turnover 53 (43) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
May	1685	1680	1690 1676
Jun	1616	1613	1620 1610
Jul	1462	1467	1470 1459
Oct	1565	1552	1562 1555
Jan	1585	1594	1585
BFI	1704	1699	

Turnover 290 (220)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	117.90	117.25	116.00
Jun	119.25	118.50	119.50 119.05
Sep	105.10	104.90	
Nov	107.35	107.15	107.35
Jan	110.40	110.20	110.40
Mar	113.35	113.15	113.35
Barley	**Close**	**Previous**	**High/Low**
May	108.50	108.40	
Sep	102.65	102.75	102.75 102.65
Nov	105.55	105.55	105.55
Jan	108.10		108.10
Mar	110.90		110.55

Turnover: Wheat 180 (90), Barley 32 (17).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	110.5	111.0	
Aug	108.5	108.0	
Oct	111.0	110.5	110.5
Nov	111.5	111.3	111.3
Feb	107.5	106.0	105.7

Turnover 22 (20) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	376½-377	226½-227
Opening	376-376½	225-226½
Morning fix	376	225.65
Afternoon fix	376.1	225.646
Day's high	376½-377	
Day's low	375-375½	

Coins	$ price	£ equivalent
Mapleleaf	386-393	233-236
Britannia	386-393	233-236
US Eagle	386-393	233-236
Angel	386-391	232½-235½
Krugerrand	375-378	225½-227½
New Sov.	88½-89½	53¼-54
Old Sov.	88½-89½	53¼-54
Noble Plat	533.9-542.4	321.15-326.25

Silver fix	p/fine oz	US cts equiv
Spot	338.40	559.40
3 months	347.20	573.25
6 months	355.50	586.00
12 months	379.25	616.10

LONDON FOX TRADED OPTIONS

Coffee	Jul	Sep	Jul	Sep
1000		102		22
1050		70		40
1100	70	45	23	56
1150	42		45	
1200	25		76	
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
650	88		4	
700	31	50	17	20
750	10	25	46	45
800		11		51

US MARKETS

IN THE METALS, gold and silver prices were steady in quiet dealings in front of Fridays US producer price figures, reports Drexel Burnham Lambert. Copper trading was choppy on local activity. *Platinum futures slipped* due to the absence of follow-through technical buying, which was seen on Monday. In the softs, trading was slow in all markets. Sugar lost ground late in the day from light scattered selling. *Industry buying kept cocoa prices* steady. Coffee prices gained on news of e freeze in Brazil. The livestock markets featured e limit up move in the pork bellies. A short covering rally elected stop orders pushing prices up. Higher cash prices were also noted. Spillover buying helped support the other meats as well. The grain markets featured choppy action as weather concerns kapt traders uneasy. Prices closed nearly unchanged in most markets axcept for the wheat thet lost over 4 cents basis July. Commission house and light trade selling weakened the cotton. News of expected rain for Texas was noted. The energy complex rebounded after several days of lower prices on scattered short covering.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	378.8	378.9	0	0
Jun	380.3	378.4	380.5	378.9
Jul	382.3	380.4	0	0
Aug	384.4	382.8	384.7	381.8
Oct	388.9	387.2	386.7	386.8
Dec	393.3	391.6	393.3	390.2
Feb	397.7	396.0	395.3	395.0
Apr	402.0	400.2	400.8	399.5
Jun	406.3	404.6	404.0	404.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	538.5	539.0	539.6	533.2
Oct	535.5	536.5	535.5	532.0
Jan	534.5	538.0	534.5	534.5
Apr	540.0	540.0	540.0	540.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	566.7	558.8	566.0	561.0
Jun	570.1	562.3	0	0
Jul	575.5	567.7	576.0	567.5
Sep	585.7	577.7	585.0	579.0
Dec	600.0	591.7	600.0	593.0
Jan	604.6	596.2	0	0
Mar	614.3	605.7	615.0	606.0
May	624.2	615.4	622.0	619.0
Jul	634.2	625.2	633.0	627.0
Sep	644.6	635.4	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May 8	May 5	mnth ago	yr ago
2007.3	2015.7	2017.0	1765.2

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	138.38	137.71	137.09	160.70
Futures	138.78	137.33	137.28	134.53

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	125.80	125.90	127.00	124.90
Jun	123.70	122.10	124.30	123.50
Jul	122.10	121.60	123.40	120.40
Sep	119.00	119.00	120.30	116.40
Dec	116.00	116.00	117.40	116.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	18.90	18.44	18.92	18.60
Jul	18.80	18.48	18.92	18.65
Aug	18.34	18.00	18.35	18.14
Oct	17.73	17.53	17.74	17.62
Nov	17.60	17.37	17.60	17.43
Dec	17.40	17.23	17.44	17.30
Jan	17.28	17.09	17.28	17.25
Feb	17.25	17.02	17.25	17.17
Mar	17.09	16.95	17.10	17.06

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	4780	4669	4780	4718
Jul	4690	4595	4690	4625
Aug	4730	4650	4730	4670
Sep	4810	4725	4810	4750
Nov	4855	4875	4855	4820

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1230	1210	1235	1215
Jul	1151	1153	1164	1149
Sep	1161	1162	1171	1156
Dec	1170	1175	1182	1170
Mar	1176	1175	1180	1170
May	1176	1190	1188	1180
Jul	1101	1153	1164	1149
Sep	1213	1224	1225	1223

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	141.25	138.50	141.75	140.30
Jul	130.90	129.22	131.30	129.80
Sep	123.90	123.09	124.80	123.40
Dec	119.00	119.00	120.40	119.00
Mar	117.90	117.28	118.75	118.00
May	117.00	117.50	117.00	116.80
Jul	118.00	116.28	0	0
Sep	116.00	116.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.31	12.45	12.60	12.30
Oct	12.29	12.35	12.52	12.27
Jan	11.88	11.74	0	0
Mar	11.84	11.96	12.02	11.83
Jul	11.79	11.83	0	0
Oct	11.66	11.79	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	66.51	67.28	67.25	66.45
Oct	66.85	68.10	68.10	66.65
Dec	65.65	67.96	68.00	66.40
Mar	67.90	68.25	68.30	67.75
May	67.71	67.65	68.20	67.60
Oct	68.20	69.75	68.42	68.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	190.80	190.60	190.60	188.50
Jul	192.25	192.60	192.60	190.50
Sep	189.25	189.90	189.90	185.00
Nov	174.80	175.00	174.85	173.50
Jan	169.95	169.60	170.00	169.25
Mar	169.60	169.60	169.60	169.60

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	766/2	764/4	771/0	757/0
Jul	753/2	753/2	758/0	743/0
Aug	748/0	748/2	751/4	738/4
Sep	730/2	726/0	731/0	720/4
Nov	720/4	715/4	721/0	710/0
Jan	730/0	724/2	730/0	718/0
Mar	737/0	733/0	737/0	727/4
May	741/0	741/0	741/0	730/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	23.69	23.78	23.75	23.40
Jul	24.17	24.24	24.30	23.91
Aug	24.41	24.51	24.50	24.13
Sep	24.80	24.70	24.68	24.31
Oct	24.75	24.85	24.80	24.50
Dec	25.11	25.23	25.22	24.83
Jan	25.25	25.40	25.40	25.05
Mar	25.66	25.95	25.70	25.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	223.7	223.5	225.0	221.1
Jul	223.4	223.5	225.0	221.1
Aug	220.8	220.7	221.5	218.0
Sep	217.2	216.3	217.5	214.5
Oct	213.0	212.8	214.0	209.8
Dec	210.7	210.8	211.5	208.0
Jan	209.7	211.0	210.0	209.0
Mar	208.0	210.0	211.0	207.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	277/4	276/4	280/2	276/4
Jul	274/0	275/2	276/0	272/6
Sep	264/4	265/4	266/6	263/2
Dec	262/2	262/2	262/4	260/0
Mar	268/4	268/6	268/6	266/4
May	270/2	270/0	270/2	268/4
Jul	272/2	272/0	272/2	271/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	426/0	436/0	434/0	423/0
Jul	414/0	418/4	418/4	412/0
Sep	420/0	424/4	423/4	418/4
Dec	432/2	435/6	435/0	430/0
Mar	436/4	440/4	439/0	434/6
May	427/0	430/4	428/4	425/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	72.42	72.15	72.80	72.32
Aug	68.42	68.27	68.65	68.27
Sep	68.40	68.40	0	0
Oct	69.95	69.77	70.37	69.80
Dec	71.00	71.05	71.80	70.85
Feb	71.70	71.75	72.00	71.50
Jun	72.00	72.20	72.00	71.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	48.17	47.82	48.27	47.80
Jul	48.52	48.37	48.60	48.20
Aug	47.12	46.96	47.20	46.67
Oct	43.90	43.70	43.95	43.62
Dec	45.75	45.62	45.80	45.45
Feb	46.67	46.56	46.90	46.58
Apr	44.92	44.80	44.82	44.75
Jun	47.70	47.57	47.70	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	34.00	32.02	34.02	32.40
Jul	33.85	31.85	33.85	32.30
Aug	33.42	31.42	33.42	31.95
Feb	49.27	47.27	49.27	47.45
Mar	48.40	46.40	48.40	47.00
May	49.50	47.50	49.50	0
Jul	49.80	47.80	49.80	0
Aug	48.25	46.25	48.25	0

LONDON STOCK EXCHANGE

Shares off the top as pound weakens

AN ERRATIC session in the UK equity market saw share prices at first showing resilience in the face of Wall Street's seven day setback before being unsettled when sterling reacted to threatened industrial action by Britain's power station workers. Market indices touched new trading peaks but gave back about two-thirds of their early gains.

With the US dollar apparently off the central banks' leash for the time being, and Wall Street still struggling to hold the Dow 2,400 mark, the UK market had switched its attention away from domestic factors this week. Yesterday's dip in sterling revived worries over the outlook for British interest rates, worries which were not soothed by Mrs Thatcher's comment in Parliament that rates must remain high for the time being.

Account Dealing Dates			
First Dealings:	Apr 17	May 8	May 22
Option Declarations:	May 4	May 18	Jun 1
Last Dealings:	May 5	May 19	Jun 2
Account Day:	May 15	May 30	Jun 12

*New time dealings may take place from 9.00 am two business days earlier.

However, the equity market continued to display an underlying resilience, at least in the early part of the session, when interest was fuelled by a number of special situations and by a buying programme from two London merchant banks.

The FT-SE Index touched 2,134.4 before slipping off the top to end the day at 2,125.1, a net gain of 5.5 points. Turnover, as measured by the Seaq network, jumped to a surprising 548.5m shares from Monday's 426.6m; the figure takes in both market maker and customer business and wes boosted yesterday by significant activity in such leading stocks, as BAA, Trafalgar House, and British Telecom.

The institutional demand at mid-session was "quite sizeable", according to a dealer at a US house, and provided fresh evidence for the view that the market's rise to new peaks has been driven by selected but determined demand from the big investment funds.

Speculative activity continued to play a role, although there was some disappointment in the food share sector when strong hints of impending bid moves materialised only in the form of planned disposals in Europe by RJR Nabisco, the US food manufacturer.

The eagerly-awaited ruling from the UK Takeover Panel on Minorco's £3.5bn takeover bid for Consolidated Gold Fields kept City analysts busy, but did little for market activity. Gold Fields shares moved higher, but turnover remained thin as investors awaited the denouement of this prolonged saga.

The domestic front was enlivened by the announcement that Trafalgar House plans to demerge its energy interests by a market flotation, and by indications that Coats Viyella seeks a merger with Tootal to form a new and powerful force in the UK textiles industry. The retail sector gave a cautiously favourable reception to trading results from Marks & Spencer, the leading UK high street clothing merchandiser.

FINANCIAL TIMES STOCK INDICES

	May 9	May 8	May 5	May 4	Apr 3	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.52	86.85	86.85	86.92	86.64	89.83	89.29 (9/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.54	97.27	97.59	97.50	97.50	97.57	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1767.8	1762.7	1770.9	1758.1	1744.5	1435.8	1770.9 (5/5)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	174.4	174.7	174.3	173.7	173.0	198.2	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	May 9	May 8	May 5	May 4	Apr 3	Year Ago
Ord. Di. Yield	4.42	4.43	4.41	4.44	4.47	4.53
Earning Yld %(full)	10.77	10.79	10.74	10.81	10.88	11.71
P/E Ratio(Net)(☆)	11.21	11.20	11.24	11.17	11.11	10.46
SEAQ Bargains(5pm)	26,024	27,059	34,315	28,243	24,881	22,231
Equity Turnover(£m)†	-	1110.60	1175.81	1398.76	971.85	1224.68
Equity Bargains†	-	32,422	37,023	30,856	28,975	27,134
Shares Traded (ml)†	-	496.5	523.9	508.2	391.2	349.8

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1767.8	1772.6	1775.1	1771.6	1772.7	1775.6	1772.9	1770.4

DAY'S HIGH 1775.6 DAY'S LOW 1767.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.12 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	May 8	May 5
Gilt Edged Bargains	87.5	95.3
Equity Bargains	210.1	240.0
Equity Value	2244.8	2376.6
5—Day average		
Gilt Edged Bargains	86.5	89.0
Equity Bargains	207.5	209.0
Equity Value	2264.8	2362.3

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	5,900	166		Cookson	1,800	317½	+½	Laporte	102	428		Royal Bk of Scotland	397	301	+4
Allied-Lyons	1,900	462		Courtaulds	1,500	323	-2	Legal & General	905	325	-1	Royal Insurance	140	418	
Amstrad	1,600	109	-1	Dalgety	1,200	347	-3	Lloyds Bank	2,100	376	+9	STC	1,000	333	-11
Argyll Group	1,700	192	-1	Dixons	2,900	136	-1	LASMO	914	465	+1	Saatchi & Saatchi	964	284	+2
Ass. Brit. Foods	309	348	+2	Eng. China Clays	2,100	492	-12	Lonrho	378	272	-2	Sainsbury	871	238	-4
BAA	14,900	358	-25	Enterprise Oil	74	543	-1	Lucas	6,200	627	-1	Scott & Newcastle	625	298	+1
BAT Inds.	1,400	543	+4	FKI Babcock	518	164	-2	MB Group	863	208		Sears	8,200	117	-1
BET	452	204	+1	Fisons	3,100	296	-2	MEPC	141	581	+1	Shell Transport	5,400	398½	+1½
BICC	354	521	-3	Gateway Corp.	2,900	195		Marks & Spencer	8,000	175½	+6	Siebe	108	476	-1
BOC	1,500	494	+1	General Accident	473	955	+2	Maxwell Comm.	4,900	197	+7	Slough Ests	600	335	+1
BPB Inds.	1,300	240	+1	General Elect.	1,400	237		Midland Bank	6,473	346	+6	Smith & Nephew	7,300	137	-1½
BTR	1,400	380	+3½	Glaxo	716	1362	-5	Nat. West. Bank	1,100	605	+6	Smiths Industries	1,100	305	+1
Barclays	1,900	457	+7	Globe Inv.	269	174½	+½	Next	3,900	146	+1	Standard Chartered	450	530	+5
Bass	398	956	+11	Glynwed Int.	428	307	+2	Northern Foods	1,700	302	-2	Storehouse	1,368	169	+2
Beecham	3,200	622	-5	Granada	646	347	+3	Pearl	26	413	-1	Sun Alliance	245	1176	-3
Blue Circle	391	557		Grand Met.	4,000	582½	+1½	Pearson	376	719	-2	T&N	229	215	+3
Boots	1,300	294		GUS A	494	1045		P & O	740	680	+8	TSB	1,200	109½	+½
Brit. & Comm.	542	213	+3	GRE	1,000	209½	+1½	Pilkington	1,400	240	-1	Tarmac	3,500	327	+3
Brit. Aerospace	1,900	612	+9	GKN	806	383	+1	Plessey	782	262	-1	Tate & Lyle	2,200	998	+1
British Airways	1,500	203	+½	Guinness	2,600	480	+4	Polly Peck Intl.	1,800	312	+1	Taylor Woodrow	189	635	-2
British Gas	5,700	180½		Hammerson 'A'	137	790	-1	Prudential	794	181	-½	Tesco	1,800	171	-½
British Land	753	369		Hanson	3,041	193½	+½	RHM	1,980	352	+3	THORN EMI	2,800	702	-3
BP	5,200	281½	-½	Harrisons & Cros.	911	175	+1½	RMC	494	718	+8	Trafalgar House	6,960	386	-1
British Steel	15,000	86½		Hawker Siddeley	518	716	+6	RTZ	874	533	-4	Trusthouse Forte	6,800	312	+8
British Telecom	12,000	268	+1	Hillsdown Hldgs	7,969	272	+3	Racal	5,200	471	+2	Ultramar	1,800	316	+2
Burmah Oil	380	561		IMI	191	238	+1	Rank Org.	381	967		Unilever	1,700	570	
Burton	3,900	215	+2	Imp. Chem.	714	1214	+2	Reckitt & Colman	204	1134	+11	United Biscuits	3,800	325	-8
Cable & Wireless	3,703	519	+8	Inchcape	561	269½	+1½	Redland	637	550½	+4½	Utd. Newspapers	511	435	
Cadbury Schweppes	1,706	359	-2	Jaguar	783	294	+3	Reed International	2,100	402	+3	Wellcome	2,108	479	-1
Carlton Comms.	663	873	-1	Kingfisher	3,700	309	+10	Reuters	468	768		Whitbread 'A'	1,200	362	-1
Commercial Union	1,200	383	-1	Ladbroke	825	586	+8	Rolls Royce	4,100	189½	+4	Williams Hldgs.	922	270	-1
Cons. Gold Fields	1,000	1328	+10	Land Securities	682	582		Rothmans	465	509	+2	Wimpey	388	283½	

Airports operator slides

Heavy trading sent shares in BAA, which operates most of Britain's airports, plunging after the Office of Fair Trading had confirmed that it is examining some of the group's pricing plans and may refer them to the UK Monopolies and Mergers Commission. BAA has been selling itself hard to City analysts, and yesterday's fall of 25 to 358p amid turnover of 15m shares cast a cloud over one of this year's best market performances.

The share price, only around 270p at the beginning of the year, has been as high as 385p as analysts have upgraded profits estimates, based on BAA's opportunities to raise prices for its non-regulated operations, ranging from car parking to catering and duty free sales; about one half of its profits come from non-regulated price operations, contrasting with the balance coming from regulated areas, including aircraft landing fees.

"The OFT's interest takes a lot of the excitement out of the shares in the short term," said Mr Christopher Will of Shearson Lehman Hutton. However, for the time being he is sticking with his recently upgraded forecast of £238m profits from BAA for next year.

Trafalgar volatile

Fund raising possibilities reversed a strong response to impressive mid-term profits from Trafalgar House and the shares closed little-changed on balance. The early strength had also reflected the proposed demerger of the group's oil and gas exploration/production interests by way of the issue of free shares in Hardy Oil & Gas.

A temporary increase in Trafalgar's net debt position, which has caused gearing to rise from 43 to 67 per cent, probably gave rise to the stories that the group may require fresh funds. Marketmakers also encountered sustained selling from investors who took the opportunity to realise the sizeable gains made over the past month or so. The upshot was the shares retreated from 393p to settle marginally easier on balance at 386p after turnover of 7m shares.

Some analysts considered this the chance to accumulate stock. Mr David Ireland, sector researcher at Hoare Govett, remained positive on the shares and for the second time in a month has raised his profits estimate. He now believes Traflagar will produce £275m, against £260m previously, for the full year.

Textile tussle

The long mooted bid for Tootal, one of the largest UK textile concerns, duly arrived and the only surprise was the bidder. It had been widely expected that the offer would come from Australian Mr Abraham Goldberg who has been stalking Tootal for months and is now the majority shareholder.

Instead, UK sector leader Coats Viyella has stepped in, seeking recommendation for an offer. If this is forthcoming, Mr Goldberg, through his company Harbour Bridge Holdings, will sell the stake to Coats. In the event of agreement not being obtained, Coats would accept with its 4.9 per cent holding if Harbour Bridge decided to launch an alternative bid.

Tootal shares shot higher to 144p before turning down on thoughts that an offer from Coats might warrant a Monopolies Commission referral and that any potential bidder was unlikely to pay more than 150p per Tootal share. "Will we see a situation where the three groups will swap assets to help finance the deal and pre-empt any MMC referral," said Mr Lawrence Rubin of broker's Kitcat & Aitken. Tootal shares came to rest only 2¼ up on the session at 136p.

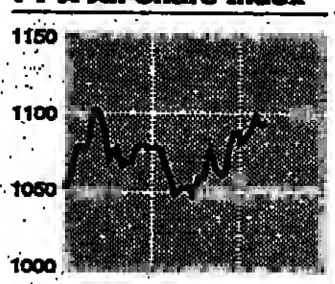
McCarthy insecure

The market's two main builders and operators of retirement or sheltered homes, McCarthy & Stone and Anglia Secure Homes, saw their share prices plunge after the former unveiled interim figures accompanied by a warning that full-year profits may not match those of last year.

McCarthy's shares plummeted to 244p immediately following the news, and eventually settled 84 lower at 251p. Those of Anglia Secure Homes dropped 42 to 352p.

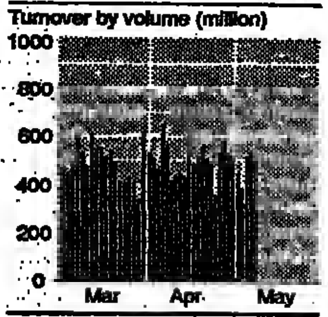
Analysts slashed their full-year forecasts for McCarthy. Swiss Bank Stockbroking dropped from £39m to £30m, as did CL-Alexanders Laing & Cruickshank. For next year Richard Hopewell, a building sector analyst at SBCI, is forecasting £35m — "and I'm not that confident about that figure," he said.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Marketmakers in both issues said the figures produced an initial markdown which was quickly followed by a rush of selling. One researcher noted that the tone of the post-results meetings was sombre. "The company is looking at a tough 1989 and 1990 and a recovery in 1991."

The continued excitement in the currency markets took the heart out of the international blue chips, and it was left to special situations to provide the features.

Fisons slipped 2 to 296p after BZW, the London securities house, removed some of the recent speculative glint from Fisons by marking the shares a "sell".

At 1362p, Glaxo dipped 5, paying little attention to the announcement that Mr Ernest Mario has taken the post of chief executive, and is now widely regarded as the next chairman of the pharmaceuticals group. Mr Mario's appointment is expected to please fund managers in the US, his present area of operations.

The banks were among the market's best performing sectors with business building up steadily throughout the day. There was particularly big action in Midland where two large lumps went through the market; one of 2.1m shares and another of 1.2m. Midland shares were strongly supported all day and settled a net 6 higher at 346p, not far behind Lloyds which jumped 9 to 376p on the Citicorp buy recommendation.

Among Brewers Bass bounced back from Monday's losses with a rise of 11 to 956p on press suggestions that Lord Young, the Secretary of State for Trade and Industry, might not force through all the MMC's recommendations on restructuring the brewing industry.

Trusthouse Forte rallied on reports of a possibly tie-up — perhaps in the form of a cross-shareholding — with European holiday interests. Club Med was named as a potential partner, and the shares rose 8 to 312p.

An impressive set of annual figures from Marks & Spencer lifted spirits in long-beleaguered Stores. One analyst remarked that the 5.4 per cent improvement in profits to £529m "reminds us that there is a retail industry in the UK after all; it should steady confidence in the sector." M&S responded by climbing 8 to 175½p on turnover of 8m shares.

"It was a good, solid performance in difficult times for the industry," said Warburg Securities. "The margin gain on the UK retail side was impressive and it augurs well for the current 12 months." This was backed up by informed talk that the recent good weather has helped M&S just enjoy its best week in clothing sales this year. Among the new estimates for the next set of profits were £590m from BZW at the top end, £585m from County NatWest WoodMac in mid-range and £575m from Warburgs.

The M&S results distracted attention from a strong performance in Kingfisher shares, which added 10 at 309p on turnover of 3.7m. Chartists were quick to point out that Kingfisher's breaking of the previous resistance barrier of £3 was highly significant; "the price could reach as much as 350p or 380p in the near future," said one.

Kingfisher were also helped by the growing realisation that the group will not bid for Magnet, the kitchen furniture retailer currently the subject of a management buy-out. Further support came from Warburgs, which in Monday's major retail circular listed Kingfisher, along with M&S, as its two prime recommendations in the sector.

Shares of Hoskyns, the computer services group, leapt 30 to 440p after news that Plessey, where GEC/Siemens are expected to renew their bid intentions, is reducing its stake in the group to 73 per cent via a placing of 8.16m Hoskyns shares at 390p, undertaken by brokers Hoare Govett and UBS Phillips & Drew.

Another 12m British Telecom changed hands with the shares edging up to 268p while Cable & Wireless, boosted by the firm dollar and increased call charges, jumped 8 more to 519p on turnover of 4m.

Ferranti came undsr pressure, losing 3¼ to 104½p after ths board changes and disposals. County NatWest WoodMac shaved its profits forecasts for Ferranti yesterday, lowering the current year figure from £88m to £85m and that of next year from £98m to £95m — "not enormously signficant the shares are still a good two-way bet with bid speculation and the possibility of news of the Eurofighter radar contract before the end of May," said County.

National Telecommunications shares slumped 14 to 107p after the profits warning. But another County buy note lifted Admiral Computing 9 to 160p; the broker labels the stock "The cheapest of the software houses."

The lack of dramatic bid news from the 11.00am Morgan Stanley/Samuel Montagu meetings left Food manufacturers listless, notably Unigate, which dropped 7 to 358p. The announcement from the meetings that RJR Nabisco is selling part of its European food operations did send United Biscuits, a possible buyer of the interests, down 8 to 325p. "I don't know why they fell because the market has long known that Biscuits might pick up some of the Nabisco disposals," said one aggrieved trader.

Among retailers Asda were again heavily traded, closing steady et 166p on turnover of nearly 6m shares as strong US demand reappeared after lunchtime. Second-liner Normans Group improved a penny to 60½p after broker Stock Beech successfully placed Sir Ron Brierley's 8.8 per cent stake (held through IEP Securities) in institutional hands. The 5.8m shares were sold around the 60p level, said company sources.

Lucas Industries eased while Cazenove placed around 2.5m shares at 625p-a-share only to recover later and close with little alteration on the day. Jaguar (294p) firmed on the end of the storemens' strike.

Bunzl's sale of its transportation division to management saw the shares rise 3 to 153p. Several researchers baulked at the terms of the disposal which caused Mr John Kenny of BZW to say: "The advance in the share price was based more on relief than the structure of the deal." Boase Massimi Pollitt adavanced late to 328p, up 7, after modest purchases by a leading house.

Speculation that a major property company is looking to take over or link up with a developer helped Imry Merchant and Greycoat race ahead in early trading. Both fall into the latter category and Imry in particular has been surrounded by bid speculation for some time. Greycoat ended up 9 at 505p after touching 510p and Imry closed up 7 at 465p after 474p.

There was also good demand for Speyhawk, which rose 5 to 340p in the wake of positive reports from brokers Smith New Court and Citicorp Scrimgeour Vickers.

Aitch Holdings dived 6 to 24p after revealing depressing 14-month results. Frost Group resumed the recent advance, gaining 9 further to 300p, and speculation arose of takeover possibilities.

The oil and gas sector was pre-occupied with thoughts about tomorrow's first quarter results from BP and Shell and tended to ignore the good rally in crude oil prices.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 33

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (174).

BRITISH FUNDS (3) AMERICANS (11) CANADIANS (6) BANKS (2) Midland, Sec. Pacific, BREWERS (2) Guinness, Do. 5¼pc Cnv Pf., BUILDINGS (7) CHEMICALS (1) Leigh Interests, STORES (9) ELECTRICALS (13) ENGINEERING (4) FOODS (3) Appleby Westward Grp., Kwik Save, Morris'n (W.), HOTELS (1) Ladbroke, INDUSTRIALS (28) Alfa-Laval AB "B", Bear Brand, Beepak, Bowater, Brit. Aerospace, Bullers, BTR Wrrnts., Caparo, Carbo, Hay (Norman), Dover Corp., Fuel Tech., Handley-Walker Grp., Hanson, Hughes (H.T.), IWP Intl., Interlink Express, Jardine Hldgs., Min. & Allied Spols., Norfolk House Grp., Parkfield Grp., RPS Grp., Securicor Grp., Do. "A" N-V, Silentnight, Swire Pac. "A", Trafalgar Hse., Unilock, INSURANCE (1) Trade Indemnity, LEISURE (5) MOTORS (2) Dagenham Motors, Lyon & Lyon, Quicks Grp., NEWSPAPERS (2) Black (A. & C.), Independent, PAPERS (2) Boase Massimi, Ogilvy Grp., PROPERTY (6) TEXTILES (1) Tootal, TRUSTS (36) OILS (6) OVERSEAS TRADERS (2) MINES (1) THIRD MARKET (1) Medirace.

NEW LOWS (38).

AMERICANS (4) CANADIANS (2) BUILDINGS (2) Anglia Secs., McCarthy & Stone, CHEMICALS (1) Amersham Intl., STORES (5) Colorvision, Empire Stores, Goldberg (A.), Honeysuckle Grp., Panfida Grp., ELECTRICALS (8) Amstrad, Hewlett-Packard, Holmes Protect., National Tele., Prestwick, TDS Circuits, ENGINEERING (2) Hopkinsons, Molins, INDUSTRIALS (2) Third Mile Inv., Willis Grp., PAPERS (2) Jarvis Porter, VPI Grp., SOUTH AFRICANS (1) Anglo Am. Inds., TEXTILES (3) Aitch Hldgs., Atkins Bros., Lowe (Robert H.), TRUSTS (2) IFICO, Smith New Court, MINES (5).

APPOINTMENTS

Finance post at Prudential Corporation

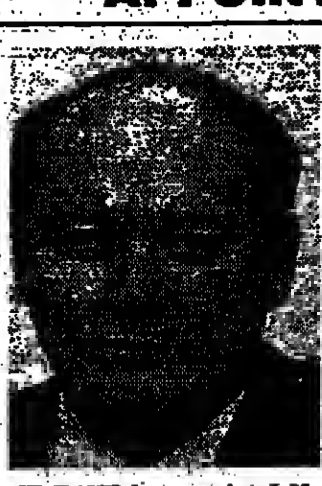
■ Mr John Hughes has been appointed group financial controller of PRUDENTIAL CORPORATION from May 15. He was finance director of British Aerospace's commercial aircraft company.

Mr Bill Mills, group chief accountant, has transferred to the Prudential Mortgage Company, where he is to become director and general manager.

■ EAGLE STAR has appointed Mr R.E. Brimblecombe, an executive director, as chairman of the life and investment services division. He remains chief actuary, and assumes board responsibilities for insurance industry issues. Mr A.S. Melcher, finance director, becomes chief executive of the division. Mr C.F. Coates, group chief accountant, has joined the board of Eagle Star Insurance Co as finance director.

■ DAWSON INTERNATIONAL has appointed Mr Bill Dawson as a director.

■ Mr John Holmes has become executive chairman of HOLMES & MARCHANT GROUP, as well as chief executive. He succeeds Mr Malcolm Thomas who has retired as non-executive chairman, but remains a non-executive director. Mr Ian Walter has been appointed company secretary in addition to group financial controller.



TSB BANK has appointed Mr Malcolm Hughes general manager-marketing for England and Wales. Mr Hughes has been marketing controller since he joined TSB in 1987.

■ Mr Christopher Brickell, senior partner of Kendall Wadley & Co, has been appointed chairman of FIBER-SEAL (UK), following completion of the management buy-out.

■ 3i has appointed Mr Henry Ball as non-executive chairman of ATLAS COSMETICS, Bideford, Devon. He is a non-executive director of Bowater Industries, and was chairman and chief executive of Bowater Packaging until last year. Mr Keith Fox becomes managing director at the end of May. He was managing director of Jean Sorelle. Mr Raoul de Rohan becomes director of sales.

■ Mr Graham Pusey has been appointed managing director of STAG DEVELOPMENT SERVICES, Reigate, and Mr Terry Rance becomes training director.

■ At ARGYLL GROUP and Safeway Mr Peter Howitt adds responsibility for corporate affairs to his post as director of corporate development, enabling Mr David Bootle to concentrate on marketing Safeway.

■ Mr Denis Gamberoni has been appointed chairman of NORMAN MAGNETICS. he is chairman of Priday Metford, Sonitrol, and Adderley Pictures Co.

■ TRINITY INTERNATIONAL HOLDINGS has appointed Mr John McKenna, group finance director, president and chief executive of its Canadian newspaper division from July 1. He remains a main board director.

■ LOW & BONAR, Dundee, has appointed Mr Hugh W. Laughland to the board. He is a non-executive director of BTR, and was joint chief executive of BTR's European region.

■ MERCHANT NAVY INVESTMENT MANAGEMENT has appointed Mr Eric Nevin, e director, as chairman to succeed Mr Robert Fawcett who has retired. Mr Peter Pratt has been appointed a director.

CHASE INVESTMENT BANK has appointed Mr Michael P. Woolf to be managing director in charge of its fixed income trading and risk management. He was previously managing director of fixed income sales.

■ Mr Keith Douglas-Jones has been appointed director of operations, SEARS FINANCIAL SERVICES. He was a vice president at American Express.

■ Mr Tony Farmer has been appointed a director of BLETCHLEY MOTOR CO.

■ Mr Archie Thomas has been appointed managing director of MICROTEX, succeeding Mr Peter Clair who has resigned.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Providence Capital Fd Mgrs Ltd
70 Uxbridge Road, London W12 8PS

Worldwide Inc	5	93.28	93.28	99.71		
Worldwide Acc	5	97.18	97.18	103.80		
UK Equity Inc	5	76.37	76.37	82.34		
UK Equity Acc	5	82.92	82.92	89.40		
European Inc	5	105.40	105.40	112.70		
European Acc	5	109.20	109.20	116.80		
Nth American Inc	5	58.60	58.60	62.92		
Nth American Acc	5	60.77	60.77	64.63		
Japan Inc	5	114.00	114.00	122.00		
Japan Acc	5	114.20	114.20	122.20		
UK High Inc Eq Inc	5	71.09	71.09	76.87		
UK High Inc Eq Acc	5	78.96	78.96	85.39		
Hong Kong Inc	5	54.53	54.53	59.13		
Hong Kong Acc	5	56.40	56.40	60.16		
Swiss Equities Inc	5	32.49	32.49	34.90		
Swiss Equities Acc	5	32.77	32.77	35.20		
W'wide Bond Inc	5	51.09	51.09	53.95		
W'wide Bond Acc	5	52.73	52.73	55.71		
Emerging Asia Inc	5	73.76	73.76	78.99		
Emerging Asia Acc	5	73.76	73.76	78.99		

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set, unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: … - 0001 to 1100 hours; … - 1101 to 1400 hours; … - 1401 to 1700 hours; … - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain the first valuation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	5	63.10	65.33	69.47	+0.07	6.91
European	5	63.62	63.94	68.02	+0.02	0.10
Far Eastern	5	61.78	61.78	65.70	+0.13	0.78
Growth Inc	5	89.88	93.08	98.95	−0.12	1.38
Growth Acc	5	89.88	93.08	98.95	−0.12	1.38
Income Inc	5	82.72	84.42	89.81	+0.19	3.43
Income Acc	5	82.72	84.42	89.81	+0.19	3.43
Property Share	5	55.26	55.26	58.87	+0.13	1.02
Smaller Co's	5	59.22	62.27	66.23	+0.26	1.44
Formerly RBC Trust Managers Ltd						
Nth American	5	57.24	57.24	61.21	+0.07	1.75
International	5	45.71	45.71	48.88	+0.04	1.47
Wright Seligman Fund Mngrs Ltd (1000)H						
15 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	99.58	99.58	104.56	+0.03	3.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	63.67	66.06	70.28	+0.14	2.78
YUTM UK Eqty Inc Tst	5¼	60.50	62.59	66.58	+0.14	4.60
YUTM Intl Grth Tst	5¼	48.66	48.66	51.96	−0.08	1.06

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt April 19	451.9	470.5		
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AD 01-588 1815				
Inv Fund Apr 30	507.65			4.67
Fxd Int Sec Apr 30	141.15			10.13
Deposit Apr 30	100.00			12.45
Charities Official Invest. Fund				
2 Fore Street, London EC2Y 5AD 01-588 1815				
Income Apr 30	480.44			4.97
Accum Apr 30	1579.44			
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American May 10	131.9	135.5	+0.8	1.67
Managed May 10	131.8	136.7	+1.7	2.10
Japan May 4	159.7	163.5	+2.0	0.14
Pacific May 5	465.1	477.9	+21.2	0.21
Sm Jap Cos May 5	261.5	268.7	+2.7	0.10

Fidelity Investment Services Ltd

[illegible]

INSURANCES

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or −	Yield Gross
Fixed Int. Dep. Acc.	238.9	[illegible]		
Equity Acc.	840.1	[illegible]	+0.6	
Property Acc.	408.8	[illegible]		
Far East Acc.	304.1	[illegible]	+2.1	
European Acc.	21.8	[illegible]		
Managed Acc.	663.4	[illegible]	+0.5	
Managed Cap.	377.2	[illegible]	+0.3	
O'seas Earnings Acc.	542.0	[illegible]	+0.8	
Gilt Edged Acc.	313.8	[illegible]	+0.2	
American Equity Acc.	430.1	[illegible]	−0.1	
American Mon Acc.	200.0	[illegible]	+0.1	
American Prop Acc.	141.5	149.0	+0.6	
Pen. F.I. Dep. Cap.	285.2	300.2	+0.1	
Pen. F.I. Dep. Acc.	486.9	512.6	+0.1	
Pen. Prop. Cap.	571.9	602.1	+0.1	
Pen. Prop. Acc.	1078.2	1135.0	+0.2	
Pen. Man. Cap.	815.0	857.9	+1.4	
Pen. Man. Acc.	1535.7	1616.6	+2.8	
Pen. Gilt Edg. Cap.	316.3	332.8	+0.2	
Pen. Gilt Edg. Acc.	486.7	512.4	+0.4	
Pen. Eq. Cap.	1338.6	1409.1	+2.5	
Pen. Eq. Acc.	1911.9	2012.6	+3.7	
Pen. Am. Eq. Cap.	139.1	146.5	−0.3	
Pen. Am. Eq. Acc.	167.3	176.3	−0.5	
Pen. Far East Cap.	296.7	310.7	+0.1	
Pen. Far East Acc.	297.8	312.7	+0.2	
Pen. Euro Cap.	24.7	26.0	+0.1	
Pen. Euro. Acc.	24.7	26.2	+0.1	
Pen. B.S. Acc.	532.7	560.4	+0.2	
Pen. B.S. Cap.	329.7	336.8		
Pen. D.A.F. Acc.	373.4	373.4	+0.1	
Pen. D.A.F. Cap.	252.4	252.4	+0.1	
Pen. Mortgage Cap.	143.6	151.2	+0.1	
Pen. Mortgage Acc.	172.9	182.0	+0.1	
Barings Funds				
Pen Equ Cap.	28.8	29.5		
Pen Equ Acc.	29.0	30.6		
Pen Am Eq Cap.	30.2	31.8		
Pen Am Eq Acc.	31.3	33.0		
Pen Far East Cap.	30.8	32.5	+0.5	
Pen Far East Acc.	32.0	33.7	+0.3	
Pen Euro Cap.	33.1	34.9		
Pen Euro Acc.	34.4	36.3	+0.1	
James Capel Funds				
Pen Equ Cap.	28.7	30.3	+0.1	
Pen Equ Acc.	29.8	31.4		
Pen Am Eq Cap.	29.8	31.4	−0.2	
Pen Am Eq Acc.	30.9	32.6	−0.3	
Pen Far East Cap.	31.0	32.7		
Pen Far East Acc.	32.3	34.0	+0.1	

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MANAGEMENT SERVICES

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JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

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ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	99	Treas 10½pc 1989	99xd	.....	10.52	12.27
99	98	Exch 10pc 1989	99	–	10.06	12.39
99	99	Exch 11pc 1989	99	–	11.07	12.33
97	95	Treas 5pc 1986–89	97	–	5.11	10.16
99½	99	Exch 10¼pcCv '89	99xd	–	10.30	11.08
101	100	Treas 13pc 1990‡‡	100	–	12.92	11.95
99	98	Exch 11pc 1990‡‡	99	–	11.07	11.87
101	99	Exch. 12½pc 1990	100	–	12.45	11.98
93	91	Treas. 3pc 1990	93xd	–	3.20	9.60
96	95	Treas 8¼pc 1987–90‡‡	96½xd	–	8.54	11.64
98	95	Treas. 8pc Cv 1990 ‡‡	96	–	8.30	11.30
98	97	Treas. 10pcCv 1990	97	–	10.24	11.75
90½	87	Exch 2½pc 1990	90xd		2.76	9.27
101	99	Treas 11¾pc 1991	100	–	11.73	11.60
91	89	Funding 5¾pc '87–91‡‡	91	–	6.27	10.64
88¾	86	Treas. 3pc 1991	88xd	–	3.38	9.31
100	96	Treas 10pc Cv '91 ‡‡	97	–	10.26	11.35
101	98	Exch. 11pc 1991	99	–	11.10	11.44
94	91	Treas. 8pc 1991	92xd	–	8.63	11.35
106	102	Treas 12¾pc 1992‡‡	103	–	12.29	11.08
99½	96	Treas 10pc 1992	97	–	10.28	11.14
94	91½	Treas. 8pc 1992 ‡‡	92	–	8.67	11.13
100	97	Treas 10½pc Cv 1992‡‡	98	–	10.66	11.09
85	82	Treas. 3pc 1992	84xd	–	3.56	8.89
105	102	Exch. 12¼pc '92	103	–	11.89	11.10
109	105	Exch 13½pc 1992	106	–	12.65	11.03
94	90	Treas 8¼pc 1993	92	–	8.96	10.86
100	96	Treas 10pc 1993‡‡	97	–	10.24	10.73
108	104	Treas 12½pc 1993‡‡	105	–	11.85	10.82
87	84	Funding 6pc 1993‡‡	85	–	6.98	10.03
113	109	Treas 13¾pc 1993‡‡	110xd	–	12.45	10.77
94	90	Treas. 8½pc 1994	91	–	9.27	10.77
117	113	Treas 14½pc 1994‡‡	114	–	12.67	10.58
113	109	Exch 13½pc 1994	110	–	12.25	10.78

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	96	Treas. 10pc Ln. 1994‡‡	97xd	–	10.23	10.59
110	106	Exch. 12½pc 1994	106	–	11.70	10.77
96	92	Treas 9pc 1994‡‡	93xd	–	9.62	10.55
108	104	Treas 12pc 1995	105	–	11.40	10.73
79	74½	Exch 3pc Gas 90–95	76	.....	3.96	8.20
101	97½	Exch. 10¼pc 1995	98	–	10.42	10.61
113	109	Treas 12¾pc 1995‡‡	109xd	–	11.59	10.57
139	114	Treas. 14pc '96	115	–	12.13	10.70
97½	93	Treas. 9pc 1992–96‡‡	94	–	9.56	10.20
126	121	Treas 15¼pc 1996‡‡	122	–	12.46	10.61
137	112	Exch 13¼pc 1996‡‡	112xd	–	13.75	10.60
101	96	Conversion 10pc 1996	97xd	–	10.24	10.44
138	113	Treas 13¼pc 1997‡‡	114	–	11.62	10.53
104	99	Exch 10½pc 1997	100	–	10.47	10.44
95	90	Treas 8¾pc 1997‡‡	91	–	9.54	10.23
128	122	Exch 15pc 1997	124	–	12.09	10.61
100	95	Exch. 9¾pc 1998	96	–	10.07	10.30
84	80	Treas 6¾pc 1995–98‡‡	81	–	8.27	9.88
134	128½	Treas. 15½pc '98‡‡	129	–	11.94	10.42
113	108	Exch. 12pc 1998	109xd	–	10.96	10.39
100	95	Treas 9½pc 1999‡‡	96	–	9.83	10.03
115	110	Exch. 12¼pc 1999	111	–	11.00	10.37
105	100	Treas. 10½pc 1999	101xd	–	10.35	10.26
104	98	Conversion 10¼pc 1999	99	–	10.25	10.25
94	89	Treas. 8½pc Ln 2000‡‡	90	–	9.41	9.97
97	92	Conversion 9pc 2000‡‡	93	–	9.64	10.00
122	116	Treas. 13pc 2000	117	–	11.09	10.36
103	98	Treas 10pc 2001	99	–	[illegible]	10.07
124	118	Treas. 14pc '98–01	119xd	–	[illegible]	10.54
102	97	Conversion 9¾pc 2001	98	–	[illegible]	10.03
113	108	Exch. 12pc '99–02	109	–	[illegible]	10.40
104	99	Conversion 10pc 2002	100	–	[illegible]	9.92
102	97	Treas 9¾pc 2002	98	–	[illegible]	9.90
97	92	Exch. 9pc 2002	93xd	–	[illegible]	9.83
126	120	Treas. 13¾pc 2000–03	121	–	[illegible]	10.40
105	100	Treas 10pc 2003	101	–	[illegible]	9.79
113	107	Treas. 11½pc 2001–04	108	–	[illegible]	10.19

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
106	101¼	Treas. 10pc 2004	102¼xd	–½	[illegible]	9.70
59	57	Funding 3½pc '99–04	57½	–	6.07	8.52
102	97	Conversion 9½pc 2004	99	–	[illegible]	9.62
103	98	Conversion 9½pc 2005	99	–	[illegible]	9.59
111	106	Exch. 10½pc 2005	107	–	[illegible]	9.38
125	119	Treas 12½pc 2003–05	120xd	–	[illegible]	9.82
90	86	Treas. 8pc 2002–06‡‡	87	–	[illegible]	9.51
105	101	Conversion 9¾pc 2006	101xd	–	[illegible]	9.52
118	113	Treas. 11¾pc 2003–07	114	–	[illegible]	9.82
96	91	Treas 8½pc 2007 ‡‡	92½	–	[illegible]	9.37
134	127	Treas. 13½pc '04–08	129	–	[illegible]	9.75
101	96	Treas. 9pc 2008 ‡‡	97	–	[illegible]	9.31
92	87	Treas 8pc 2009	88	–	[illegible]	9.23
102	97	Conv 9pc Ln 2011 ‡‡	98	–	[illegible]	9.21
68	65	Treas. 5½pc 2008–12‡‡	65	–	[illegible]	9.01
89	85	Treas. 7¾pc 2012–15‡‡	86	–	8.9	9.13
132	126	Exch. 12pc '13–'17	127xd	–	[illegible]	9.20

Undated

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45	42	Consols 4pc	43	–	9.17	–
40	38	War Loan 3½pc‡‡	38xd	–	9.05	–
70	60	Conv. 3½pc '61 Aft.	66	–	5.28	–
41	31	Treas. 3pc '66 Aft.	36	–	8.23	–
30	26	Consols 2½pc	27	–	9.05	–
29½	26	Treas. 2½pc	27	–	9.15	–

Index–Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
128	124	Treas 2pc IL '90(84 6)	128	.....	–	2.39
107	103	Do. 2pc '92‡‡(97.8)	107	–	2.63	3.54
99	94	Do. 2 '94 (102.9)	99xd	–	3.00	3.51
145	139	Do. 2pc '96(67.9)	145	–	3.16	3.52
124	118	Do 2½pc '01(78.3)	124	–	3.37	3.62
122	115	Do. 2½pc '03(78.8)	121xd	–	3.42	3.64
125	117	Do. 2pc '06(69.5)	124	–	3.46	3.64
117	110	Do. 2½pc '09(78 8)	116xd	–	3.47	3.63
123	114	Do. 2½pc '11(74 6)	121½	–	3.47	3.62
102	95	Do. 2½pc '13(89.2)	101	–	3.45	3.59
110	101	Do. 2½pc '16(81 6)	109	–	3.43	3.56
108	100	Do. 2½pc '20(83 0)	106	–	3.39	3.51
91	84	Do. 2½pc '24‡‡(97.7)	90	–	3.35	3.47

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	102	African Dv Bk 11¼ Ln 2010	103	–	10.74	10.69
104	99	Asian Dev Bk 10¼pcLn2009	100xd	–	10.21	10.20
130	123	Australia 13½pc 2010	124xd	–	10.88	10.61
113	106	Do. 11¾pcLn2015	107	–	10.55	10.49
108	102	Euro Inv Bk 11pc Ln 2002	103	–	10.62	10.49
104	98	Do. 10¼pc2004	99	–	10.41	10.42
118	112	Int-Am Dev Bk 12½pc 2003	113	–	11.04	10.63
99	93	Do. 9½pcLn 2015	94	–	10.30	10.34
97½	94½	Mlysia 10¾pcLn 2009	94½xd	.....	11.38	11.45
120	118	Utd. Mexican States 16½pc 2008	118	.....	13.98	13.60

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	100	Birmingham 13½pc 1989	101½xd	.....	13.30	11.20
111½	102½	Do. 11½pc 2012	106½xd	.....	10.80	10.70
91	87½	GLC 6¾pc 1990–92	87½xd	.....	7.71	11.70
124½	114½	Leeds 13½pc 2006	121½xd	.....	11.11	10.72
33	30	Liverpool 3½pc Irred.	31xd	.....	11.29	–
94½	93	LCC 6¾pc '88–90	94½xd	.....	7.14	11.90
30	28	Do. 3pc '20 Aft.	30xd	.....	10.00	–
107½	104½	Manchester 11½pc 2007	106½xd	.....	10.80	10.70

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	87¼	–¼	8.26	11.90
206	206	S Rhod 2½pc Non-Assd.	206	.....	–	–
84½	84½	Do. 4½pc 87–92 Assd.	84½xd	.....	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	N'wide Anglia 8pc 30 5 89	99	.....	8.96	13.00
99	98	Do. 9pc 26.6 89.	99	.....	9.87	13.37
99	98	Do 10pc 17.7.89	99	.....	10.74	11.17
99	98	Do. 11pc 7.8 89.	99	.....	11.12	12.99
99½	98	Do 11pc 29.8.89	99½	.....	11.62	13.04
99	99	Do 12pc 18 9 89	99	.....	12.42	13.05
99	99	Do. 12pc 2 10 89	99	.....	12.37	13.13
99	98	Do. 11pc 6 11.89	99xd	.....	11.90	13.20
100	99	Do. 12pc 4 12.89	99xd	.....	12.37	13.19
100	99	Do. 12pc 2 1 90	99	.....	12.85	13.10
100½	99	Do. 12pc 29.1.90	99½	.....	12.63	13.16
100	99	Do. 12pc 26 2 90	99	.....	12.74	13.15
102¼	99	Do 3⅞pcIL Ln 2021	100½xd	–½	[illegible]	4.45

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	95	Agric. Mt. 5pc '59–89	99	.....	5.05	–
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	18.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	.....	3	17.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	15.00
80	65	Hung '24 Ass.	80	.....	2.75	13.57
139	132½	Hydro Quebec 15pc 2011	133	–	15.00	10.98
128	122	Iceland 14½pc Ln 2016	123xd	–	14.50	11.63
97	94½	Ireland 9¾pc '91–96	95xd	.....	9.75	10.70

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
13	26	Abbott Laboratories‖	53xd	+	$1.20	–	2.1
537p	361p	♦Allegheny & W 1c.	510p	–13	30c	–	3.4
15	12	Amax $1	14xd	–	40c	–	1.6
11	950p	Amdahl 5c.	11xd	–½	h10c	–	0.5
32	25½	Amer. Cyanamid $5	32	–	$1.20	–	2.2
19	14	Amer. Express 60c.	19xd	+	84c	–	2.6
12	854p	Amer. Medical Inc. $1	12	–	472c	–	3.3
20	15	American T. & T. $1	20	–	$1.20	–	3.4
33	26	Ameritech $1	33	.....	h$2.92	–	5.1
15	9	BankAmerica $1	14	–	60c	–	2.4
27	19	Bankers N.Y. $1	27xd	–	$2.08	–	4.5
49	38½	Bell Atlantic $1	48	+	$4.08	–	4.9
27	19	BellSouth Corp.	27	.....	$2.52	–	5.4
15	12	♦Bethlehem Steel $8	13xd	–	–	–	–
11	929p	♦Bio-Rad Labs A	10	–	–	–	–
19	13	Bowater Inc.	16	+	$1.12	–	3.5
12	9	Brunswick 75c.	13	+	44c	–	2.2
35	28	CPC Intnl. 25c.	34	+	$1.60	–	2.7
19	17	CSX $1.	19	+	$1.24	–	3.7
790p	333p	California Engy.	645p	+3	–	–	–
25½	17	Campbell Soup 13c.	24	–	92c	–	2.2
22	15	Chase Manhattan $12½	20xd	–	$2.36	–	6.7
21½	17	Chem. Banking Corpn.	20	+	$2.72	–	7.7
16	13	Chrysler $6¼	13xd	.....	$1.20	–	5.1
17	14	Citicorp $1	17xd	–	$1.48	–	4.9
230p	162p	CityFed Fin. Corp.	173p	–6	4c	–	1.4
29	23	Colgate-Palmolive $1	29	–	s$1.48	–	2.9
21½	16	Cons Freightwys 62½c.	17	–	98c	–	3.2
14	10	Cont'l Bank Corp $4	14	.....	86c	–	3.3
387½p	300p	♦Corporate Data Scnce.	329p	–7	–	–	–
402p	278p	Cullinet Sftwr 1c.	383p	+2	–	–	–

Continued on next page

The Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ 01-588 1815

Deposit	12.20	–	12.77	3-Mth

Gartmore Money Management Ltd
2-3 White Hart Yard, London SE1R 1NX 01-236 1425

Call Fnd	11.70	9.16	12.49	6-Mth
7-day Fund	11.82	9.25	12.62	6-Mth
Special Fund	11.81	–	11.85	Mth
Dollar	8.67	6.80	9.31	3-Mth

Money Market Bank Accounts

Money Market Trust Funds

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
24¼	21⅛	Dana Corp. $1	23¼	.....	$1.[illegible]	—	3.9
10⅝	854p	Data General	10	−¼	—	—	—
32¼	26½	Dun & Bradstreet $1	31	.....	$1.7[illegible]	—	3.3
35½	30½	Eaton Corpn. 50c	35	−½	h$2.[illegible]	—	3.3
10¾	8⅞	Echlin Inc.	10⅛	+⅛	[illegible]	—	4.1
18½	16⅝	FPL Group 1c	18½	+⅛	$2.[illegible]	—	7.0
32¼	27½	Ford Motor $1	27⅞	.....	$3.[illegible]	—	6.3
35½	30½	GATX 62½c	35½	.....	$2.[illegible]	—	3.3
29½	24½	Gen. Elect. 63c	28⅛	.....	$1.[illegible]	—	3.4
507p	464p	♦General Host Corp $1	503p	−5	[illegible]	—	3.3
23½	18¼	Gillette $1	23½	+¼	[illegible]	—	2.4
769p	616p	Gt Am First Secs 8k $1	743p	−11	[illegible]	—	4.7
19⅝	16⅛	Greyhound $1½	19½	−¼	$1.32	—	4.0
11½	847p	Hasbro Inc 50c	10½	.	16c	—	0.9
8½	6	Home Group $1	8¼	+⅛	20c	—	1.4
45⅞	32½	Honeywell $1½	44⅞	+⅛	$2.10	—	2.8
17½	15¼	Houston Inds $	17½	+¼	$2.96	—	9.9
74½	63⅛	IBM Corpn $1¼	65¼	+⅝	$4.84	—	4.3
52p	45p	♦Image Storage/R Sys 1c	45p	.....	—	—	—
23⅛	18¼	Ingersoll-Rand $2	23⅛	.....	$1.04	—	2.6
29½	22½	Lockheed Crpn. $1	28½	−¼	$1.60	—	3.3
18⅞	15⅛	Lone Star Inds $1	17⅞	.....	$1.90	—	6.2
21¼	17½	Louisiana Land 15c	20⅞	−½	$1.00	—	2.8
15½	11½	Lowe's 50c	14½	.....	48c	—	1.9
21⅞	15⅞	Manuf. Hanover $1	20½	+⅛	$3.28	—	9.3
17⅞	13⅛	Merrill Lynch $1	16⅞	−⅛	$1.00	—	3.5
2255p	1910p	Molex Inc.	2095p	+3	3.2c	—	—
23½	18¼	Morgan (JP) $2½	21⅞	−⅛	$1.66	—	4.5
44¼	36½	NYNEX $1	45¼	.....	$4.04	—	5.5
21¾	18¼	PHH Corp. $	21¼	+⅛	$1.12	—	3.0

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INSURANCES

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INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	96xd	+1
Craig & Rose £1 .. γ	720	......
Finlay Pkg. 5p .... γ	91	......
Holt (Jos) 25p .... γ	1300xd	+5

IRISH

Cap. 8½% Ln. 1991 ...	£97½	......
9pc Cap Ln 1996	£97¾	......
Fin. 13% 97/02 ...	£118	−1½
Arnotts	455	......
Carrol (P.J.) ...... γ	151	......
Hall (R. & H.)	158	......
Heiton Hldgs ...... γ	77xd	......
Irish Ropes	202	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	56
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	30
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	10
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	30
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	15
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property	
Brit Land	30
Land Securities	52
MEPC	50

Oils	
Brit Petroleum	21
Do. Int. Certs	12
Burmah Oil	48
Calor	15
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines	
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Further demand for the dollar

THE DOLLAR continued to improve in currency markets yesterday in the absence of co-ordinated central bank intervention. However, having broken through the DM1.90 level on Monday, there was no attempt to test the next level of resistance at DM1.9250. Investors may now be waiting for additional US data due later this week: retail sales figures for April are due tomorrow, while April producer prices are expected on Friday.

Intervention by the US Federal Reserve on Monday, selling dollars against the yen and the D-Mark, was followed by further dollar sales in Tokyo by the Bank of Japan.

Early trading in London saw the Bank of England intervening twice to buy sterling against the dollar, but the amounts involved were modest, and proved to be insufficient to halt the dollar's rise.

The US unit moved above the DM1.9100 level in early London trading but failed to break through DM1.9150 until after the start of trading in New York. Investors were encouraged to buy dollars after comments by Mr Theo Waigel, the West German Finance Minister, when be said that the current weakness of the D-Mark is no cause for international concern. The dollar touched a high of DM1.9185, just 20 ticks below its hest level since January 1987.

With central banks, in the main, retreating yesterday to the sidelines, investors remain cautious of pushing the dollar firmer, for fear of being caught with long dollar positions should central banks decide on a further round of co-ordinated intervention.

The dollar closed at DM1.9155 np from DM1.9075 but was unchanged against the yen at Y134.80. It was also unchanged in terms of the Swiss franc at SFr1.7040. Elsewhere, it finished et FFr6.4675 compared with FFr6.4350. On Bank of England figures, the dollar's exchange rate index rose from 69.1 to 69.4.

Sterling finished at the day's low, depressed by news that UK power workers had voted for industrial action. This is seen as the latest in a long line of potentialy damaging disputes which are in danger of undermining investor confidence in the pound.

Domestic interest retes were marked up during the afternoon, but sterling's exchange rate index still slipped to 94.8 at the close, down from 94.9 et the opening and 95.0 on Monday.

The pound finished at $1.6605, its lowest closing level since October 1987, and down from $1.6695 on Monday. It was also weaker against the D-Mark at DM3.1800 from DM3.1850 and Y223.75 compared with Y225.00. Elsewhere, it finished at SFr2.8300 from SFr2.8450 and FFr10.7400 compared with FFr10.7425.

The West German Bundesbank sold a nominal $5.7m et the Frankfurt fixing but made no move to sell dollars in the open market. The Swiss franc moved up to DM1.1240 from DM1.1200, following a further rise in Swiss time deposit rates. The quarter point rise to 6.5 per cent was the second this month.

£ IN NEW YORK

May.9	Latest	Previous Close
£ Spot	1.6625-1.6635	1.6648-1.6655
1 month	0.38-0.37pm	0.38-0.36pm
3 months	1.17-1.15pm	1.16-1.13pm
12 months	4.07-3.97pm	4.00-3.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.9	Previous
8.30 am	94.9	95.0
9.00 am	95.0	95.0
10.00 am	95.0	95.0
11.00 am	95.0	95.0
Noon	94.9	95.1
1.00 pm	94.9	95.1
2.00 pm	94.9	95.1
3.00 pm	94.8	95.1
4.00 pm	94.8	95.1

CURRENCY RATES

May.9	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.768072	0.654579
U.S Dollar	7	1.28629	1.08824
Canadian $	12.39	1.52477	1.29098
Austrian Sch.	5	17.1861	14.6499
Belgian Franc	7.75	51.1204	43.7499
Danish Krone	7½	9.50440	8.10574
Deutsche Mark	4.50	2.44254	2.08289
Neth.Guilder	5.50	2.75459	2.34744
French Franc	9½	N/A	7.02893
Italian Lira	13½	1753.54	1517.87
Japanese Yen	2½	N/A	146.727
Norway Krone	8	8.84324	7.51918
Spanish Peseta	-	151.566	129.152
Swedish Krona	9½	N/A	7.03763
Swiss Franc	4.5	2.18348	1.85544
Greek Drach.	20½	N/A	177.154
Irish Punt	-	0.914135	0.779205

*All SDR rates are for May.8

CURRENCY MOVEMENTS

May.9	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.8	-16.4
U.S Dollar	65.4	-8.9
Canadian Dollar	105.4	+0.3
Austrian Schilling	106.4	+9.9
Belgian Franc	105.5	-6.3
Danish Krone	102.6	-2.2
Deutsche Mark	112.3	+20.2
Swiss Franc	103.3	+11.8
Guilder	109.8	+12.9
French Franc	99.3	-15.2
Lira	97.7	-20.0
Yen	145.9	+76.9

Morgan Guaranty changes: average 1980-1982=100, Bank of England Index (Base Average 1985=100) **Rates are for May.8 .

OTHER CURRENCIES

May.9	£	$
Argentina	177.50-177.75	106.90-107.00
Australia	2.0840-2.0860	1.2560-1.2570
Brazil	1.7320-1.7410	1.0430-1.0480
Finland	7.0640-7.0765	4.2600-4.2620
Greece	268.25-272.75	161.15-163.75
Hong Kong	12.8985-12.9110	7.7795-7.7815
Iran	120.00*	71.20*
Korea(Sth)	1104.80-1113.65	663.70-669.10
Kuwait	0.48730-0.48960	0.29160-0.29210
Luxembourg	66.45-66.55	40.00-40.10
Malaysia	4.4710-4.4820	2.6980-2.7030
Mexico	4038.80-4042.90	2435.00-2434.00
N. Zealand	2.6695-2.6735	1.6075-1.6085
Saudi Ar.	6.2410-6.2445	3.7495-3.7505
Singapore	3.2455-3.2519	1.9555-1.9575
S. Af (Cm)	4.3350-4.3460	2.6170-2.6200
S. Af (Fn)	6.9145-7.0620	4.1665-4.2555
Taiwan	42.80-43.15	25.85-25.95
U.A.E.	6.1120-6.1155	3.6720-3.6730

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May.9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.7499	+3.04	+1.33	±1.5344
Danish Krone	7.85212	8.10574	+3.23	+1.52	±1.5404
German D-Mark	2.05853	2.08289	+1.18	-0.53	±1.0981
French Franc	6.90403	7.02893	+1.81	+0.10	±1.3674
Dutch Guilder	2.31943	2.34744	+1.21	-0.50	±1.5012
Irish Punt	0.768411	0.779205	+1.40	-0.31	±1.6684
Italian Lira	1483.58	1517.87	+2.31	+1.31	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

May.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6580-1.6660	1.6600-1.6610	0.38-0.35cpm	2.64	1.19-1.14pm	2.81
Canada	1.9655-1.9765	1.9710-1.9720	0.03-0.01cpm	0.08	0.14-0.08pm	0.45
Netherlands	3.57¼-3.58¼	3.57¼-3.58¼	1¾-1⅝cpm	5.65	4⅜-4¼pm	5.37
Belgium	66.30-66.70	66.45-66.55	27-23cpm	5.45	77-70pm	3.30
Denmark	12.35¼-12.39¼	12.35¼-12.36¼	4-3⅝orepm	3.70	11¼-10⅝pm	3.56
Ireland	1.1880-1.1940	1.1910-1.1920	0.24-0.20cpm	2.30	1.10-0.95pm	2.78
W. Germany	3.17¼-3.18¼	3.17¼-3.18¼	1⅝-1½pfpm	5.90	4¾-4⅝pm	5.90
Portugal	261.60-263.05	262.00-263.00	3-30cdis	-0.75	24-111dis	-1.06
Spain	196.90-197.65	196.95-197.35	4-6cdis	-0.58	1-14dis	-0.45
Italy	2316¼-2321¼	2317½-2318½	2-1lirepm	0.79	6-4pm	0.97
Norway	11.46¾-11.49	11.47¾-11.48¾	2⅛-1⅝orepm	1.64	6¼-5⅜pm	1.74
France	10.72¾-10.75¼	10.73½-10.74½	3⅝-3¼cpm	3.91	10⅜-10pm	3.79
Sweden	10.74-10.76½	10.74¼-10.75¼	1⅜-1⅛orepm	1.40	3⅞-3½pm	1.35
Japan	223¼-224¼	223¼-224¼	1⅝-1½ypm	7.71	4½-4¼pm	7.82
Austria	22.30-22.38	22.33-22.36	9¾-8¼gropm	5.34	30½-27⅝pm	5.12
Switzerland	2.82¼-2.83¼	2.82½-2.83½	1⅝-1¼cpm	5.56	4-3¾pm	5.48

Belgian rate is convertible francs. Financial franc 66.80-66.90 . Six-month forward dollar

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6580-1.6660	1.6600-1.6610	0.38-0.35cpm	2.64	1.19-1.14pm	2.81
Ireland†	1.3936-1.3995	1.3940-1.3950	0.17-0.22cdis	-1.68	0.33-0.43dis	-1.09
Canada	1.1640-1.1876	1.1870-1.1880	0.23-0.27cdis	-2.53	0.65-0.71dis	-2.29
Netherlands	2.1505-2.1630	2.1565-2.1585	0.50-0.48cpm	2.72	1.38-1.34pm	2.52
Belgium	39.90-40.15	40.00-40.10	7.00-5.50cpm	1.87	18.50-15.50pm	1.70
Denmark	7.42¼-7.46¼	7.44-7.44½	0.80-0.55orepm	1.09	1.80-1.40pm	0.86
W. Germany	1.9075-1.9185	1.9150-1.9160	0.55-0.53pfpm	3.38	1.51-1.48pm	3.12
Portugal	157.90-158.15	158.00-158.10	37-52cdis	-3.36	125-175dis	-3.77
Spain	118.35-119.00	118.80-118.90	25-35cdis	-3.03	87-97dis	-3.10
Italy	1390¼-1398	1395¾-1396¼	2.00-2.50liredis	-1.94	6.00-6.50dis	-1.79
Norway	6.88-6.92¼	6.91¼-6.91¾	0.25-0.50oredis	-0.65	1.10-1.40dis	-0.72
France	6.43¼-6.47¾	6.46½-6.47	0.73-0.68cpm	1.31	1.75-1.65pm	1.05
Sweden	6.45-6.48¼	6.47-6.47½	0.60-0.75oredis	-1.25	2.15-2.40dis	-1.41
Japan	134.50-135.05	134.75-134.85	0.65-0.63ypm	5.69	1.72-1.70pm	5.07
Austria	13.42¼-13.48¼	13.48-13.48½	2.50-2.10gropm	2.06	8.70-7.50pm	2.41
Switzerland	1.6985-1.7075	1.7035-1.7045	0.41-0.38cpm	2.78	1.19-1.15pm	2.74

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.20-40.30.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Rising wages cause concern

RISING PRESSURE on wages and the possibility of a period of industrial discontent in the UK weighed on sterling contracts trading on Liffe yesterday.

The picture, as far as wage-driven inflation is concerned, caused some concern and the general nervousness in the market was compounded by news that UK power workers have voted for industrial action over e pay offer.

Short sterling for June delivery fell to the day's low of 86.87 on the announcement about the power workers, and closed only slightly higher at 86.89, compared with 87.07 on Monday.

Long gilt futures showed a similar trend, touching a low of 95-04, on concern about a possible disruption to power supplies, and closing at 95-05, against 95-24 previously.

Gerrard & National Intercommodities noted Monday's rise in April UK prodncer prices and said that, together with high levels of wage inflation, this was putting pressure on profit margins and suggests that the inflationary "blip" has not yet been fully controlled.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
92	311	409	1	7
93	212	317	2	15
94	116	229	6	27
95	34	149	24	47
96	10	113	100	111
97	3	49	157	147
98	0	30	254	228

Estimated volume total, Calls 596 Puts 1459

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	521	541	1	25
86	322	362	2	46
88	134	239	14	123
90	21	129	101	213
92	2	47	246	331
94	1	21	445	505
96	0	10	644	668

Estimated volume total, Calls 30 Puts 133

LIFFE BUND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9150	165	151	0	28
9200	117	116	2	43
9250	71	86	6	63
9300	34	67	19	94
9350	12	47	47	124
9400	3	32	88	159
9450	1	21	136	190

Estimated volume total, Calls 1243 Puts 2016

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

EUROPEAN OPTIONS EXCHANGE

MONEY MARKETS

London rates firm

INTEREST RATES rose in London yesterday as sterling weakened against a strong dollar and fears increased about the impact of growing industrial unrest in the UK, including the threat of a possible strike by power workers.

Mrs Margaret Thatcher, the Prime Minister, told Parliament yesterday that interest rates must remain high for the time being to avoid a pick up in the rate of inflation.

UK clearing bank base lending rate 13 per cent from November 25

The rise of the dollar against the D-Mark increased speculation about another rise in West German interest rates, amid suggestions that international pressures could lead to another rise in UK bank base rates, even if the domestic economy shows signs of slowing and does not indicate the need for higher rates. Three-month sterling interbank rose to 13-12⅞ per cent from 12$\frac{15}{16}$-12¾ per cent.

The Bank of England initially forecast a London money market credit shortage of £100m, but revised this to £150m at noon. The authorities did not operate in the market.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £48m, with Exchequer transactions absorbing £90m and bank balances below target £30m. These factors were offset by a fall in the note circulation, adding £60m to liquidity.

In New York the US Federal Reserve added temporary reserves to the banking system through $1.5bn of customer repurchase agreements when Federal funds were trading at 9$\frac{11}{16}$ per cent.

In Frankfurt call money firmed to 6.20 per cent from 6.15 per cent abead of this week's securities repurchase agreement tender. The market was divided about the likely size of the allocation, against the background of a weak D-Mark against the dollar. This may encourage the Bundesbank to tighten its monetary policy and drain money from the banking system.

If the central bank is to maintain full liquidity in the market, it will probably allocate at least DM15bn at tha tender, to offset the take-up of a Federal bond launched on Monday, and to compensate for an expiring aecurities repurchase pact of DM13.3bn. The size of the expiring agreement bas been reduced from the Bundeshank's earlier announcement of DM14.0bn.

In Amsterdam the Dutch Central Bank offered funds to the money market via a tender for a six-day agreement, et an unchanged rate of 6.7 per cent

FT LONDON INTERBANK FIXING

MONEY RATES

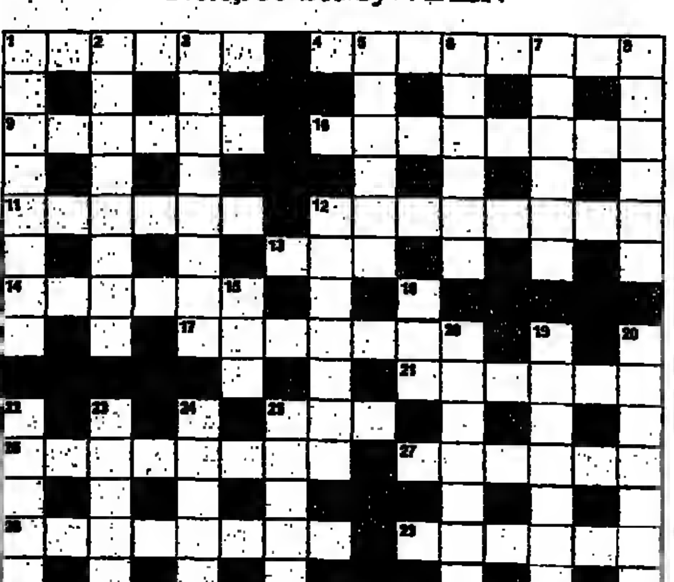
LONDON MONEY RATES

BASE LENDING RATES

JOTTER PAD

CROSSWORD

No.6,930 Set by VIXEN



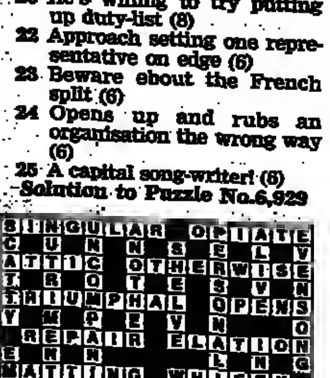
ACROSS

1 The first person into position will get the fish (6)
4 Trade's so bad, even though diversified (8)
9 Certain about exercise bringing remission (6)
10 "Stolen waters are sweet, and bread eaten in secret is ——" (Proverbs) (8)
11 The point of bitterly cold conditions (6)
12 Corresponding with Green, a GI, as arranged (8)
13 Poetry some think good enough to remember (8)
14 An order given in Northern Ireland (6)
17 Virtuous pupils? (7)
21 Royal direction to feast (6)
25 Plot contrived by a graduate (8)
26 Appear sick with no justification when there's many a delay (8)
27 Walk out on the sands (6)
28 Are turning black, so may be removed (8)
29 Hidden talent possibly (6)
30 Assuming proper personal cover (8)
31 Harry, the Trojan hero (6)

DOWN

1 Worker after a little cash, which is irregular (8)
2 Delegates a page and tips (8)
3 Honoured companion, a forthright minister (8)
5 A wise man about 51 sent back food fit only for animals (6)
6 An ass over gear-changing (6)
7 Grace has got in with a liar, unfortunately (6)
8 For example a foxy fellow regressing into senility (6)
12 One who loves being unhappily married! (7)
15 An instant way to cut down (3)
16 Perpetually short (3)
18 Play some music, quite unperturbed about the notice taken (8)
19 Nasty beast imprisoning people underground (8)
20 He's willing to try putting up duty-list (8)
22 Approach setting one representative on edge (6)
23 Beware about the French split (6)
24 Opens up and rubs an organisation the wrong way (6)
25 A capital song-writer! (6)

Solution to Puzzle No.6,929



WORLD STOCK MARKETS

AUSTRIA

May 9	Sch	+ or −
Creditanstalt	2,830	+10
Goesser	4,300	−200
Interunfall	16,280	—
Jungbunzlauer	15,700	+200
Laenderbank	475	+11
Perlmooser	930	....
Reininghaus	1,550	−10
Semperit	216	....
Steyr-Daimler	110	+4
Veitscher Mag	852	−13

BELGIUM/LUXEMBOURG

May 9	Frs.	+ or −
B.B.L.	3,560	−40
Bank Intl. a Lux	14,900	....
Banque Gen. Du Lux	14,600	....
Banque Nat. Belg	37,475	+280
Bekaert B	14,900	−75
Ciment CBR	6,600	−100
Cobepa	5,900	−90
Do. AFV 1	5,800	−100
Do. AFV 2	5,850	−150
Cockerill	399	+5
Colruyt	15,500	+50
Delhaize	5,490	+30
EBES	4,835	−35
Do. AFV 1	4,805	−15
Do. AFV 2	4,815	—
Fabrique Nat	700	−14
GB Inno BM	1,300	−6
Do. AFV	1,320	—
GBL (Brux)	4,350	−10
Do. AFV 1	4,340	+10
Do. AFV 2	4,340	−25
Do. AFV 3	4,340	+10
Gechem	1,000	−2
Do. AFV	1,044	+18
Generale Bank	5,990	—
Do. AFV 1	5,900	−100
Do. AFV 2	6,310	—
Gevaert	8,490	−50
Hoboken	17,900	−100
Do. AFV	17,850	−50
Intercom	3,860	−5
Do. AFV 1	3,840	....
Do. AFV 2	3,840	—
Kredietbank	4,765	—
Do. AFV	4,660	−40
Pan Holdings	13,650	+50
Petrofina	13,025	+125
Raffinerie Tirle	1,795	—
Royale Belge	5,600	+200
Do. AFV 1	5,450	+150
Do. AFV 2	5,500	+50
Soc Gen Belge	4,690	−5
Do. AFV	4,695	—
Sofina	12,825	+75
Solvay	14,050	+150
Stanwick Intl	166	—
Tessenderlo	6,790	+50
Do. AFV	6,690	+40
Tractebel	9,400	+100
Do. AFV 1	9,090	—
Do. AFV 2	9,160	−30
Do. AFV 3	9,030	—
Do. AFV 4	9,490	+40
UCB	10,650	—
Do. AFV	10,350	−50
Unerg	2,825	+20
Do. AFV 1	2,840	+10
Do. AFV 2	2,815	—
Wagons Lits	8,350	+10
Do. AFV	8,300	−90

DENMARK

May 9	Kr	+ or −
Baltica Hldgs	464.6	−4
Carlsberg	1327.1	+16.5
Cop Handelsbank	292.8	+1
D. Sukkerfab	645.7	−9.2
Den Danske Bank	377.4	−2.5
East Asiatic	314.3	+1
FLS Inds. B	3066.4	+2.764
GNT Holding	264.7	−10.3
I.S.S. B Systems	834.4	+4
Jyske Bank	404	−9.8
Nordisk Kabel	577.5	−0.5
Novo Inds	309.8	+0.8
Privatbanken	295.6	+1.7
Royal C'hagen A	490.7	+19.1
Sophus Berendsen	1314.5	−13.5
Superfos	5,250	−8

FINLAND

May 9	Mka	+ or −
Amer	164.5	+1
Cultor	94.5	−0.5
Huhtamaki I Free	87	+1
Huhtamaki K Free	175	—
KOP	63.25	+0.6
Kone	477.5	+13
Kymmene	119xr	−0.5
Nokia	132.5	−2
Pohjola 'B'	119.5	—
Rauma-Repola	39	−2.25
Stockmann 'B'	214	+6.5
UBF 'C'	31.2	−0.3
Utd. Paper Prf.	135.5	+1.5
Wartsila (s11)	341	+4.5

FRANCE

May 9	Frs.	+ or −
Accor	634	−3
Afrique Occiden	2,265	−40
Air Liquide	579	−4
Alcatel	2,805	−45
Alsthom	565	−10

FRANCE (continued)

May 9	Frs.	+ or −
Arjomari-Prioux	2,645	+33
Aussillare d'Ent.	1,045	+59
BIC	740	+10
BSN	687	+2
Bancaire Cie	505	−10
BNP (Cert.Inv.)	364	+4
Beghin-Say	684	+4
Do. Certs	455	+17
Bongrain	3,195	−36
Bouygues	395	....
CMB Packaging	684	....
Carrefour	2,916xc	−9
Casino	226	−1
Cetelem	618	−12
Chargeurs	1,364	−1
Ciments Fr.	1,400	+34
Club Mediterranee	599	+22
Cofimeg	345	+2
Coplil	355	....
CGE	415.9	−2.1
Coparex	345	+10
Cred Foncier Fr	952	−6
Credit National	1,147	−33
Damart	3,261	+6
Docks de France	4,035	+24
Dollfus-Mieg	583	+5
Dumez S.A.	950	—
Eaux (Cie Gen)	1,685	+11
Ecco	2,118	+28
Electrofinance	1,014	+13
Elf-Aquitaine	474	+3
Do. Certs	373	−0
Epeda-Bertrand	1,221	−24
Essilor	3,245	−20
Eternit (Fin.)	2,895	+18
Eurafrance	1,780	+40
Eurocom	1,348	+31
Euromarche	2,930	+10
Exor	1,406	+1
Finextel	218	—
Fonciere Lyonn	505	−14
Fromageries	1,849	−1
GTM-Entrepose	1,325	+15
Gaumont (Soc N)	528	−21
Gen Geophysique	725	+11
Gen. Occidentale	865	−9
Hachette	346	+3
Havas	900	+11
Imetal	370.5	−4.5
Immobilier de Fr	1,012	−18
Immobiliere Pl Mon	340	−42
Immobanque	740	+11
Industrielle	3,969	+19
Interbail	545	−2
Intertechnique	1,515	+14
LVMH	3,970	−4
Lafarge Coppee	1,483	−6
La Henin	585	+5
L'Oreal	4,151	−4
Legrand	3,780	+60
Locafrance	525	+5
Lyonn. des Eaux	1,580	+7
Maisons Phenix	99	−0
Matra S.A.	326	−0
Merlin-Gerin	4,310	—
Michelin B	203	−2
Midi (Cie)	1,462	−13
Moulinex	132	−1
Navigation Mixt	1,075	−25
Nord Est	164	−1
Nouvelle Galer.	604	−15
OFP	1,400	−6
Orsan	480	+5
Paribas	482	−2
Paris Reescompte	471	−13
Pechelbronn	1,060	−18
Pernod Ricard	1,279	−16
Perrier	1,745	—
Peugeot S.A.	1,675	−25
Poliet	680	+10
Pretabail Sicomi	1,140	—
Printemps Au	660	—
Promodes	3,000	+70
Radiotech	700	—
Redoute	3,330	−25
Rhone-Poul (Cis)	567	−2
Roussel-Uclaf	1,621	+1
SILIC	728	—
Sagem	1,521	−14
St.Gobain	395	−5
Saint Louis	1,322	+32
Sanofi	831	−8
Schneider	757	−1
Seb SA	985	−10
Sefimeg	420	—
Simco	484	+3
Skis Rossignol	1,206	+5
Soc. Gen. de Fr	478	−2
Sommer-Allibert	2,309	−49
Spie-Batignolles	498	−6
Suez (Fin de)	398	+2
Taittinger	3,859	−41
TRT	1,260	−2
Telemech Elect.	4,545	—
Thomson (CSF)	224	−0
Total-Petroles Fr.	439	+4
UFB Locabail	463	+13
Dalkali	743	−2
Union Immob Fr	532	−8
Valeo	740	+1
Vallourec	372	−7

GERMANY

May 9	Dm.	+ or −
AEG	218	−1
AG Ind & Verkehr	578	+4
Aachener Muench	710	+5
Allianz AG	1,774	−16
Altana	406	−7
Asko Deutsche K	825	+6
Do. Pref.	620	—
BASF	303	−2.4

GERMANY (continued)

May 9	Dm.	+ or −
Badenwerk	199	−1
Bayer	301.8	−2.7
Bayer-Hypo	368.5	−14.5
BMW	510.5	−4
Bayer-Verein	373	−11
Beiersdorf	552	....
Berliner Kraft	109.3	+0.3
BHF-Bank	461	−6
Bilfinger & Berg	390.1	−5.9
Brown Boveri	445	....
Colonia Versich	609	−1
Do. Pref.	547	−8
Commerzbank	250.5	−2.3
Continental AG	264.8	−1.4
DLW	548	−10
Daimler-Benz	657	−12.5
Deckel (F.)	199	−1
Degussa	464	+1
Deutsche Babcock	164	−1
Deutsche Bank	551	−5
Didier-Werke	235.5	+0.5
Dragerwerk	280	—
Dresdner Bank	325.5	−2.3
Fag Kugelfischer	359.5	−7.5
Feldmuehle Nobel	354	....
Gerresheimer	249.5	....
Goldschmidt (TH)	391	−5
Hamburg Elekt	139	+2
Hapag Lloyd	380	+2
Harpener	456	....
Heidelberger Zem	721	....
Henkel Pref.	530.5	−2
Herlitz	266	—
Hochtief	770	−10
Hoechst	303	−2.9
Hoesch	243.5	−1.5
Holzmann (P)	805	−10
Horten	260	....
Hussel	561	−11
Industriekredit	240	+4
Industrie Werke	277	....
Kali & Salz	204	−2
Karstadt	497	−13.5
Kaufhof	469	−5
KHD	167	+0.5
Kloeckner Werke	170	−3.5
Kraft Werke Rh	275	....
Lahmeyer	821	−1
Leifheit	520	+11
Linde	727xr	−3.5
Lufthansa	173.3	+0.8
Do. N/V Pref.	137.9	−0.9
MAN	290.2	+1.2
Do. Pref.	232.2	+3.7
Mannesmann	233.1	−2.4
Mannheimer Vers	634	+8
Mercedes-Hld	511	−7
Metallgesell	426	−2
Muench Rueck	2,100	....
Nixdorf	309	+2
PWA	291	−4
Philips Kommun.	693	−10
Porsche	698	+9
Preussag	267	+1
Rheinelektra	1,550	−5
Rhein West Elect	280	....
Do. Pref.	243	−1.8
Rheinmetall Berl	431	−2
Do. Pref.	278	+1
Rosenthal	314	−0.5
Schering	646	−3.5
Schmalbach-Lub	173.2	−3.3
Siemens	528.7	−7
Springer Vlg Rg	508	−2
Sud-Chemie	670	....
Thyssen	235.3	−2.5
Varta	378	−1
Veba	295.5	−1.5
V.E.W.	169.5	+0.2
Verein-West	430	−1
Viag	285.7	−1.5
Volkswagen	337.5	−4.5
Do. Pref.	307	−1
Wella Pref.	614.5	−4.5
Zanders Feinpap	291	−1

ITALY

May 9	Lire	+ or −
Banca Com'le	4,107	+2
Banca Naz Agric	11,650	+30
Banco Lariano	4,290	....
Bastogi-IRBS	405	−0
Benetton	10,750	−35
Burgo (Cartiere)	13,825	−75
CIR	5,628	−12
Caffaro	1,289	+8
Cementir	3,520	−30
Cigahotel	4,530	−35
Cofide	5,880	−3
Credito Italiano	1,951	−5
Danieli	8,560	−20
Eridania	8,950	−30
Fiat	9,182	+2
Do. Priv.	5,946	−3
Fidis	8,640	−5
Fondiaria	72,000	—
Gemina	1,765	—
Generali Assicur	41,320	−30
Giardini Inds	16,995	−6
IFI Priv.	17,730	−71
Italcable	11,790	−60
Italcementi	110,650	—
Italgas	2,189	+39
Lloyd Adriatico	18,140	—
Magneti Marelli	2,961	+11
Mediobanca	20,920	+20
Mira-Lanza	40,710	−90
Montedison	2,120	+11
Olivetti	9,010	−65
Pirelli Co	8,320	—
Pirelli Spa	3,215	+10
Rinascente La	4,949	+19

ITALY (continued)

May 9	Lire	+ or −
RAS	30,050	+130
SIP	2,880	+2
Saffa A	9,690	+50
Saipem	3,349	+44
SASIB	4,730	+80
Siossigeno	34,600	+900
Sirti Spa	9,298	—
SMI	1,486	−19
Snia BPD	2,685	+20
Toro Assicur	20,600	−200
Tosi Franco	23,850	−10
Unicem	23,490	+40

NETHERLANDS

May 9	Fls.	+ or −
ACF Holding	54.20	−0.6
AEGON	102.50	+0.3
Ahold	107.20	+0.3
AKZO	150.60	−0.5
ABN	42.60	−0.1
AMEV	48.80	−0.3
AMRO	76.90	−0.3
Bols Lucas	143.50	+0.5
Borsumij Wehry	146.80	−0.4
Buehrmann-Tet	70.90	−1.7
Center Parcs	77.30	−0.7
Centrale Suiker	65.30	−0.4
DSM	131.50	−1
Dordtsche Petroleum	254.70	+0.7
Elsevier Ndu	70.40	+0.5
Fokker	41.50	−0.3
Gamma	80.00	—
Gist Brocades	35.90	+0.1
Heineken	115.30	—
Holl. Beton	213.50	+0.5
Hoogovens	105.60	+0.9
Hunter Douglas	105.50	—
IHC Caland	30.40	−0.6
Int Mueller	96.00	+1
KLM	47.00	−0.2
Koopen	14.80	−0.1
KNP	59.4	−0.3
Nat Ned Cert	60.70	−0.5
Ned Mid Bank	227.60	−0.4
Nedlloyd	410.50	−1.3
Nijverdal-Ten Ct	99.50	−0.8
Nutricia Ver B.	250.00	−3.5
Oce Grinten	315.00	—
Ommeren (Van)	48.90	−0.2
Pakhoed	144.00	+0.2
Philips	36.80	+0.2
Robeco	105.10	−0.4
Rodamco	164.40	+0.1
Rolinco	103.70	+0.1
Rorento	61.70	+0.1
Royal Dutch	137.60	+0.2
Unilever	135.80	+0.1
VMF Stork	36.00	−0.5
VNU	104.50	−0.3
Wessanen	79.00	−0.3
Wolters Kluwer	177.50	+2

NORWAY

May 9	Kroner	+ or −
Aker	85.00	−0.5
Bergens Bank	230.00	+5.5
Bergesen B	276.50	−3.5
Christiania Bk	283.00	+6.5
Den Norske Credit	142.00	—
Dyno Ind.	110.00	−1
Elkem	389.00	−5.5
Hafslund Nycom A	157.50	−1.5
Kosmos	185.00	—
Kvaerner	358.00	−5
Nora Industrier	219.00	—
Norsk Data A	57.50	+1.5
Norsk Hydro	169.50	+0.3
Orkla Borregaard	384.0	−3
Storebrand	92.00	+3

SPAIN

May 9	Pts. %	+ or −
Banco Bilbao Viz	1,005	—
Banco Central	980	—
Banco Exterior	460	—
Banco Hispano	784	—
Banco Popular	1,830	+30
Banco Santander	848	−1
Banesto	990	—
Citroen Hispania	1,600	—
Corp. Mapfre	1,840	—
Dragados	610.5	−4.5
Ebro	3,321	+12
Electra Viesgo	297	+2
Energia Ind Ara	570	−10
Esp Carburos Mt	900	−15
Esp Acum Tudor	440	−20
Explosivos Rio	348	+9
Fasa Renault	545	—
Fecsa	46.8	−0.5
Hidroel Cantab.	183	+1
Hidrola	96.2	+2.2
Iberduero	120.2	+0.2
Koipe	535	−15
Metal Duro-Felg	449	−0.5
Petroleos (Cia Esp)	520	−14
Portland Vald.	4,300	—
SNIACE	237	+7
Sarrio	404	−16
Sarin	539	−1
Sevillana Elec.	107.7	+1.7
Tabacalera	990	+15
Telefonica	184.3	−1
Torras Hostench	1,871	—
Union Elec-Fen.	81.5	+1
Union y el Fenix	2,600	—
Uralita	749	+8.5
Urbis Ser.2	639	−6

SWEDEN

May 9	Kroner	+ or −
AGA B (Free)	253	−5
Alfa-Laval B (Free)	600	+5
Asea A Free	506	+1
Asea B (Free)	503	−2
Astra B (Free)	245	—
Atlas Copco A (Free)	325	−12
Electrolux B (Free)	322	−2
Ericsson B (Free)	449	−1
Esselte B (Free)	230	+10
Gambro B Free	127	−1
Mo Och Dom B Free	390	+10
Pharmacia B (Free)	192	+1
Saab-Scania B Free	227	—
Sandvik B (Free)	353	+3
Skandia (Free)	211	—
Skandia Intl	250	—
Skan Enskilda	187	—
SKF B Free	518	+3
St Kopparb'g A Free	403	−7
Svka Cell'sa B (Free)	394	....
Svka Handelsbn.	159	+1
Trelleborg B Fr	370	....
Volvo B (Free)	453	−5

SWITZERLAND

May 9	Frs.	+ or −
Adia Intl	8,075	−100
Alusuisse	1,053	−7
Do. Ptg. Certs.	82	−0
Baloise Hld Ptg	2,450	−40
Bank Leu	2,875	−25
Do. Ptg.	342	−6
Brown Boveri	3,435	−5
Do. Ptg.	575	−8
Ciba Geigy	3,490	−5
Do. (PtCts)	2,780	−15
Credit Suisse	2,555	−5
Elektrowatt	2,825	−45
Elvia	1,860	−40
Fischer (Geo.)	1,525	−35
Do. Ptg.	236	....
Forbo	2,740	....
Hoff-Roche (PtCts)	160,000	—
Hoff-Roche 1/10	16,000	—
Holderbank (Br)	5,260	−65
Holzstoff (Br)	6,100	−50
Inspectorate Int.	2,040	—
Do. Ptg.	305	−7
Jacobs Suchard	7,050	−60
Do. Ptg.	600	−14
Jelmoli	2,985	—
Do. Ptg. Certs	330	+2
Landis and Gyr	1,265	−10
Do Priority Ptg	110	....
Mag. Globus Ptg	1,005	−15
Mikron (Br)	2,000	—
Motor-Columbus	1,350	+5
Nestle	7,430	−65
Oer-Buhrle	1,060	−20
Pargesa Hldg	1,660	−20
Pirelli	296	−5
Sandoz (Br)	11,000	−400
Do. (PtCts)	1,975	−35
Schindler (Br)	5,475	+25
Do. (PtCts)	935	−5
Sika	820	—
Surveillance	5,200	−75
Swissair	1,005	−25
Swiss Bank	309	+1
Do. Ptg.	276	−3
Swiss Reinsce	10,525	+75
Do. Ptg.	1,655	−50
Swiss Volksbk	1,750	−10
Union Bank	3,135	−15
Do. Ptg.	111	−0
Winterthur	4,575	−50
Do. Ptg.	730	−12
Zurich Ins	4,810	−90
Do. Ptg.	1,955	−70

SOUTH AFRICA

May 9	Rand	+ or −
Abercom	3.35	—
AECI	18.5	−0.5
Allied Tech	90	—
Anglo Am Coal	70.5	—
Anglo Am Corp	80.5	—
Anglo Am Gold	275	−0.5
Barlow Rand	38.65	+0.15
Buffels	50	—
CNA Gallo	9	—
Currie Finance	3.4	−0.05
De Beers	60.8	+0.05
Deelkraal Gold	11.25	−0.25
Driefontein	38.25	−0.25
East Rand Gold	13	—
Elandsrand Gold	25	−0.5
First Nat. Bank	15.5	−0.5
Free State Cons Gold	30	—
Gold Fields SA	75.5	−0.5
Hartebeest	23	−0.35
Highveld Steel	19	−0.65
Kinross Gold	42.5	—
Kloof Gold	34.75	−0.25
Libanon Gold	7.4	—
Malbak Hldgs	23.5	—
Nedcor	8.5	−0.5
OK Bazaars	14.5	—
Palabora Mining	58	−1.25
Rembrandt	9.35	−0.05
Rust Plat.	62.75	−0.25
Safmarine & Ren.	30.75	—
Sage Holdings	12	—
Smith (CG) Fds	24.25	—
SA Brewers	23.5	−0.75
SA Mang. Amcor	23.75	—
Tiger Oats	178	+1
Tongaat Hulett	16	−0.5
Vaal Reefs	319	−2
Western Deep	119.5	−1.5

CANADA

TORONTO

4pm prices May 9

Quotations in cents unless marked $.

1—No voting rights or restricted voting rights.

MONTREAL

4pm prices May 9

Total Sales 7,374,782 shares.

INDICES

NEW YORK DOW JONES

	May 9	May 8	May 5	May 4	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2371.33	2376.47	2381.96	2384.90	2418.99 (27/4)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.61	88.57	88.62	88.75	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1116.43	1120.96	1129.85	1130.50	1144.08 (27/4)	959.95 (3/1)	1144.08 (27/4/89)	12.32 (8/7/32)
Utilities	192.09	192.39	192.86	192.27	192.86 (5/5)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)
♦Day's High 2390.03 (2387.28) Low 2356.85 (2356.30)								
STANDARD AND POOR'S								
Composite‡	305.19	306.00	307.61	307.77	309.64 (28/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial (latest)	351.35	352.24	354.16	354.69	357.49 (21/4)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.01	28.18	28.29	28.25	28.83 (21/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	170.80	171.26	172.14	172.21	173.13 (28/4)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	345.09	345.85	346.84	345.89	346.84 (5/5)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	428.97	429.32	430.74	429.23	430.74 (5/5)	378.56 (3/1)	456.28 (26/8/87)	54.87 (31/10/72)

	May 5	Apr 28	Apr 21	year ago (approx.)
Dow Industrial Div. Yield	3.51	3.45	3.46	3.54
	May 3	Apr 26	Apr 19	year ago (approx.)
S & P Industrial div. yield	3.08	3.08	3.05	2.94
S & P Indl. P/E ratio	13.64	13.60	13.62	15.35

TRADING ACTIVITY † Volume

Millions	May 9	May 8	May 5
New York	151.074	131.730	180.810
Amex	10.361	10.248	12.218
OTC	(u)	(u)	156.066

NEW YORK	May 9	May 8	May 5
Issues Traded	1,955	1,941	1,946
Rises	612	503	795
Falls	804	957	608
Unchanged	539	481	543
New Highs	33	31	16
New Lows	25	24	17

CANADA

TORONTO	May 9	May 8	May 5	May 4	1989 High	1989 Low
Metals & Minerals	3309.5	3321.4	3313.5	3309.4	3564.9 (6/2)	3207.5 (3/1)
Composite	3569.0	03579.	3599.2	3597.6	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1819.01	1826.75	1837.39	1837.07	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Pan Am	5,901,300	5	+ ⅛
Freeport McMoran	2,555,400	36⅛	− ⅜
Exxon (xd)	1,772,900	42⅛	+ ⅜
Blockbuster	1,531,200	30⅛	− 3⅛
IBM	1,522,400	109⅞	+ ¼
Texas Ut	1,376,800	28¼	..
AT&T	1,354,000	33⅞	− ⅛
Panhandle	1,338,700	22⅞	− ⅛
Phelps Dodge	1,293,300	58⅛	− ⅞
Navistar	1,268,700	5⅛	+ ⅛

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 9	May 8	May 5	May 4	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1501.8	1512.6	1510.7	1512.9	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	674.7	680.3	682.1	681.1	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	318.66	317.89	316.32	(c)	318.66 (9/5)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5970.67	5944.77	(c)	(c)	5970.67 (9/5)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	308.52	308.58	306.72	(c)	308.58 (8/5)	275.49 (27/2)
FINLAND						
Unitas General (1975)	797.1	797.3	803.4	804.5	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	464.2	(c)	461.9	(c)	470.4 (24/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	109.3	(c)	109.0	(c)	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	576.26	579.77	579.62	(c)	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1712.0	1721.6	1722.8	(c)	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1366.2	1380.07	1380.46	(c)	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3262.25	3268.54	3262.86	3221.12	3268.54 (8/5)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	606.18	605.68	608.75	611.34	620.30 (24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	34031.87	34135.24	(c)	(c)	34135.24 (8/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2538.23	2544.60	(c)	(c)	2544.60 (6/5)	2366.91 (6/1)
NETHERLANDS						
CBS TU.Rtn.Gen. (End 1983)	239.3	239.4	240.1	(c)	240.1 (5/5)	208.3 (3/1)
CBS All Shr (End 1983)	189.1	189.3	190.0	(c)	190.6 (27/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	644.43	644.82	646.46	(c)	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1280.57	(c)	1282.52	1283.54	1284.87 (3/5)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1445.0	1449.0	1462.0	(c)	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2521.0	2536.0	2559.0	(c)	2581.0 (28/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	303.76	303.33	301.41	300.83	303.76 (9/5)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3879.2	3886.2	3892.4	(c)	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	675.9	680.2	667.6	(c)	686.0 (28/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	513.5	513.9	514.2	519.0 (17/2)	491.2 (28/3)

§ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 9 May 1989

	Stocks Traded	Closing Prices	Change on day
Toshiba	88.1m	1,310	+5
Sumitomo Metal	72.4m	956	-3
Osaka Gas	24.4m	942	-8
Kawasaki Steel	23.8m	1,080	-10
Mitsui Eng & Ship	22.4m	973	-12
Hitachi Zosen	20.9m	848	+3
Nippon Steel	16.8m	941	-15
Meiko	16.3m	1,160	+30
Nisshin Steel	16.2m	1,760	-20
Toray	20.3m	1,070	+10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

4pm prices May 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
20⅞	21½	AAR	.44	1.5	13	74	29¼	29	29	– ⅛
10⅛	8⅛	ACM n	1.01	11.		134	9	8¾	8⅞	+ ⅛
11⅞	10¾	ACMIn	1.26a	12.		412	10⅛	10½	10½	– ⅛
10¾	8½	ACM M n	1.01	11.		235	9	8¾	8⅞	– ⅛
11½	10¾	ACM Sc	1.26	12.		808	10⅝	10½	10⅝	
10¾	8⅞	ACMSp n	1.01	12.		473	9⅛	8¾	8¾	– ⅛
4⅛	2⅞	AMCA	.12e	2.9	29	48	4⅛	4	4⅛	
6⅛	5½	AM Intl				859	5¾	5½	5⅝	
23½	18⅛	AM Intl pf	2	9.3		40	22¼	22⅛	22¼	
24⅞	39	AMR			7	2512	62¼	61	61½	– ⅞
26⅛	25	ANR pf	2.67	11.		1117	25⅞	25¼	25⅞	+ ¼
9½	4¼	ARX				148	4⅞	4⅞	4⅞	
47	35¾	ASA	3a	7.3		123	41	40⅞	41	+ ⅛
60¾	14⅞	AVX	.24	1.2	3	4101	19⅞	19¼	19⅞	+ 1½
58¼	42⅞	AbtLab	1.40	2.5	16	2124	56	55½	55⅞	+ ⅛
19	15⅜	Abmbl g	1			65	17	17	17	– ⅛
12	7½	AcmeC	.40	3.8		99	10½	10¼	10½	+ ¼
8	5⅞	AcmeE	.32	4.1	16	25	7⅞	7⅞	7⅞	+ ½
32⅛	20⅛	Acusn			24	677	31⅞	31⅞	31⅞	
18⅞	14¼	AdaEx	1.62e	12.		74	15	14⅞	14⅞	
16⅞	7½	AMD				1949	9⅛	8⅞	8⅞	– ⅛
8⅛	8½	Adobe				233	8⅞	8⅝	8⅝	
18¾	16½	Adob pf	1.84	10.		3	18½	18¼	18½	
21⅛	90	Adob pf	2.40	12.		370	20½	d18⅞	20¼	– ⅛
9¼	5⅞	Advest	.12	1.8	18	37	6⅞	6⅞	6⅞	– ⅛
54⅞	39½	AetnLf	2.76	5.4	8	1376	52	51½	51½	– ½
48¾	24	AhmPb s	.22	.5		862	u49	48¾	48⅞	– ⅛
20	13⅞	Ahmans	.88	4.5	9	3739	19¾	19¼	19⅝	– ¼
4⅛	2⅞	Aileen			19	72	3½	3¼	3½	
53⅞	37⅞	AirPrd	1.20	2.9	10	666	41½	40⅞	41	– ⅝
28⅞	15½	AirbFrt	.60	2.3	24	136	25⅞	25½	25⅝	– ½

Continued on Page 49

مكتبة الأصل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅞	18¼	Zayre	.40	1.5	162	795	27¼	27⅛	27¼	
15½	10½	Zemex	.40	3.5	24	1	11½	11½	11½	+ ⅛
80	10½	ZenithE			944	1724	19	19⅝	19⅞	− ⅛
10⅛	8⅞	Zenlnc	1.26	14.		24	9⅛	9¼	3⅞	− ⅛
8⅞	1	vjZenLb				649	1⅝	1⅝	1¾	
21⅝	15	ZenNtl	.80b	4.4	6	313	18¼	13⅛	18⅛	
19⅞	13¼	Zero	.44	2.3	18	66	19¼	19	19	− ⅛
28½	18	Zurnln	.68	2.4	16	116	28¼	28¼	28⅛	− ½
11¾	10	Zweig	1.07a	10.		343	10¾	13⅛	18⅛	
10⅛	5¾	ZweigT	n.24e	2.7		856	9	6⅞	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices May 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Presd A	.10		14	4⅜	4⅛	4⅜	
PresCm	.05e	1	60	6⅝	6⅝	6⅞	+ ⅛
ProlCre		8	11	3⅛	3⅛	3½	
– R – R –							
RBW		16	14	7⅞	7⅛	7⅛	

OVER-THE-COUNTER

Nasdaq national market, 3pm prices May 9

AMERICA

Dow sticks to narrow trading range

Wall Street

WITH the focus on the Treasury's quarterly refunding and international currency policy dominating attention in the bond and foreign exchange markets, the equity market traded in a oarrow range yesterday and registered its eighth coosecutive daily decline, *writes Jcnet Bush in New York.*

The Dow Jones Industrial Average closed 5.13 points lower at 2,371.33 on sluggish volume of 150m sbares, only slightly more active than the 135m sbares wbicb cbanged bands on Mooday.

The Dow tried to rally at the opening and after an hour of trading stood more than six points bigher. However, it could not sustain this advance and dipped back into negative territory soon afterwards. Yesterday's dull performance was somewbat disappointing as traders are now beginning to look for the market to bounce after a string of seven consecutive daily declines.

In the last eight sessions, the Dow has falleo by more than 47 points, representing a steady, but very gradual decline in relatively low volume.

Market historians were pointing ont yesterday that the last run of eight declines came in August 1982 which marked the beginning of the five-year bull market of the 1980s.

Nobody was predicting that history is about to repeat itself. There are s oumber of uncertainties facing the equity market, notably the perennial debate about whether the US Federal Reserve can engineer a soft landing for the economy with gradually slowing growth and controlled inflation.

The economic readings of the economy suggest that the manufacturing sector remains robust but the consumer is slowing down – a more favourable conjunction of economic growth at least for the trade balance. However, there is still a great deal of concern that inflation is headed bigher, limiting the scope for any easing in monetary policy.

Against the background of Friday's worrying wages figures and the large Bethlebem Steel pay agreement with steelworkers, Friday's producer prices release for April assumes even more importance than usual.

The market could continue to move in a very tight range for the rest of the week until the PPI is released. One hint that the market may be about to rally is that tachnology issues, whicb are normally among tha most volatile, held up well on Monday.

Mr Newton Zinder of Shearson Lehman Hutton noted that traders often gravitate to more volatile issues when they suspect that a rally is about to occur.

US bond prices slumped a full point yesterday amid concerns about this week's quarterly refunding. The three-year auction went reasonably well but bond traders started selling beavily as soon as it was completed. There is a view that Japanese investors are worried about tbe dollar peaking at current levels and about Friday's producer prices figures.

Technology stocks did well. Motorola added $½ to $47⅞. Hewlett-Packard rose $¼ to $54 and Appla Compnter gained $¼ to $42½ on the over-the-counter market.

Among featured individnal stocks, NWA, the holding company for Northwest Airlines, dropped $⅛ to $104¼ after news that Pan Am is thinking about marking an offer for its competitor at NWA's request. Pan Am added $⅛ to $5.

Hilton Hotels rose $1⅜ to $64⅞ after news that a court had approved a settlement giving its chairman sole voting control over about 25 per cent of the shares.

Millicom jumped $3⅞ to $42 on the over-the-counter market, adding to its gain on Monday of $10½. Bear Stearns started tracking the company, gave a buy recommendation and said that its assets might be worth $95 a share in 1990.

Avon Prodncts fell $⅝ to $36¼ after the company filed suit against Mr Irwin Jacobs and Amway who have said they might seek control of the company.

Canada

IN A TRENDLESS and quiet market Toronto share prices dropped across the board.

The composite index fell 11.02 to 3568.93 as declines outnumbered advances 388 to 266 on volume of 17.7m shares valued at C$226.5m.

American Barrick rose C$⅛ to C$23¼ on announcing an increased dividend late in the day.

Hemlo Gold Mines dropped C$½ to C$12½ after it reported slower first quarter earnings growth.

Power Financial bucked the trend and climbed C$¼ to C$19¼ after announcing an extra dividend and higher first quarter earnings.

Spanish bulls lead turnover charge

Jacqueline Moore examines increasing activity on the Continent

APRIL showered good fortune on most European bourses, with volumes increasing throughout the Continent and many stock market indices hitting year, or even all-time, highs.

The most spectacular improvement was in Spain, where turnover shot up by 43.7 per cent over March to make it the bolsa's busiest month so far this year. About Pta515.8bn ($4.36bn) worth of shares were traded – a jump of 20 per cent over April last year.

Spain had a lot of catching-up to do in April; while other European bourses were picking up at the end of last year and the beginning of this, the Spanish market was dull and drifting lower. A combination of fast economic growth, higb liquidity and the approach of the privatisation of oil group Repsol, however, resurrected interest in the stock market.

Both foreign and domestic investors returned, propelling Madrid to year highs in the first week of April and keeping activity strong for most of the month.

Another bourse apparently taken with spring fever was Germany, where turnover rose 28.9 per cent over the previous month. At DM95.4bn, volume was almost triple the DM33.3bn of April 1988.

The rush of activity coincided with a series of year highs on the FAZ and DAX indices – the FAZ ended the month 22 points, or nearly 4 per cent, higher. Volume grew as international and foreign buyers looked beyond the main stocks to a wider range, especially to the machinery and steels sector, said one analyst. Turnover in MAN, Mannesmann, Hoesch, Thyssen and Metallgesellschaft had all improved, he said. There was also a surge of interest in second-line stocks, as investor confidence grew.

Another infinence on German volumes was the prospective scrapping of the 10 per cent withholding tax on bond investments, which was eventually confirmed on April 27. The market saw some of the heaviest daily trading totals since the global crash, hitting DM7.29bn on April 13.

The Netherlands had its most active month for over a year, rising 19.5 per cent over March and almost doubling compared with the previons April. The market had a run of year highs in the first half of the month, although activity tailed off in the second half. Speculative buying and corporate stories lay behind much of the liveliness.

France was also bustling compared with March, rising 12.1 per cent – a leap of 42.3 per cent over April last year. After tonching a number of 1989 peaks, the CAC General index hit several all-time highs mid-month.

As usual in France, company news and views caused most of the excitement with, for example, CGE announcing merger terms for subsidiaries Alsthom and Alcatel, Matra withdrawing from its expensive football sponsorship, Carnaud planning to merge with MB Group, and Casino and Galeries Lafayette at the centre of takeover and stake-building talk.

The increase in turnover in Switzerland and Belgium was less marked than in most European markets. Switzerland rose an estimated 8 per cent over its revised March figure, while Belgium gained 4.2 per cent – a jump of 51.7 per cent on the same month last year.

The smallest April improvement, however, was recorded by Italy, which was only 0.6 per cent busier than in March. Italy has been one of the worst performing and quietest of the leading markets of late, with political instability and balance of payments problems dissuading many investors from taking part.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	April '89	March '89	Feb '89	Jan '89
Belgium	59.0	56.6	69.3	72.4
France	74.0	66.0	92.0	124.0
Germany	95.4	74.0	72.9	102.5
Italy	13,925.6	13,843.2	16,507.6	17,266.4
Netherlands	17.3	14.9	13.7	17.4
Spain	515.8	358.9	345.0	367.6
Switzerland	16.2	15.0	15.6	16.5

Volumes represent purchases and sales. Swiss and Belgian data estimated. Italian data adjusted to include off-market trading. Source: County NatWest WoodMac

EUROPE

Strong dollar whips up fear of interest rate rise

FEARS of higher interest rates beset most of Europe, as the dollar surged ahead. Madrid was again the exception, hitting another year peak, *writes Our Markets Staff.*

FRANKFURT suffered widespread declines as the strength of the dollar against tbe D-Mark raised fears of higher interest rates.

The real-time DAX index dropped 13.85, or 1 per cent, to 1,366.22 and the FAZ, based on midday prices, eased 3.51 to 576.26. Volumes were slightly up on the previous dey et DM4.3bn worth of domestic sbares traded, with mnch of the business in second-line stocks.

The dollar rose above the DM1.91 level, reawakening interest rate jitters and sending share prices lower. "The currency market started it off," said one analyst, adding that an additional blow was struck wben Daimler, the car maker, announced results at the lower end of expectations.

Daimler lost DM12.50 to DM657 after reporting turnover up 3 per cent at DM17bn and forecasting static profits.

The market ignored good results from Bayer, the chemicals group, which slipped DM2.70 to DM301.80 after announcing first-quarter profits up 20 per cent.

PARIS was hit by "figures fever" as worry over forthcoming data on domestic and US inflation rates kept trading in the doldrums. Share prices fell and volumes drifted down to the FFr1bn level, according to one dealer.

The CAC 40 index fell 4.27 to 1,672.52 and the OMF 50 index eased 1.4 to 476.86. There was also concern over the possibility of higber West German interest rates, given the strength of the dollar, and their likely effect on domestic rates. "There's no great rush to buy stock at the moment," the dealer said. "Everyone's waiting to see what the Bundesbank might do."

Club Med gained ground after rising in London on Monday – wben Paris was closed – as London dealers were reportedly caught with short positions. The stock added FFr22 to close at a day's high of FFr599, having been qnoted on Monday in London at FFr590, amid reports of e possible share swap with, or even takeover by, Trusthouse Forte.

Peugeot fell FFr25 to FFr1,675, with car registration figures confirming e 3 per cent slide in its share of the domestic market.

MADRID made its way to yet another high for the year, with the general index rising 0.61 to 303.76 in spite of scattered profit-taking.

Torras Hostench was a sharp mover after last week's news of a large profits rise, adding 90 points to 2,020 of par. Tabacalera, the tobacco group, climbed 15 to 990.

AMSTERDAM weakened in insubstantial volumes, although a higher opening on Wall Street lifted prices off their lows. Investors stayed on the sidelines amid interest rate worries, stirred up by tbe higher dollar. The CBS tendency index dipped 0.5 to 181.6.

Bührmann Tetterode, the paper and packaging group, shed Fl 1.70 to Fl 70.90 after announcing plans for a one-for-10 rights issue and reporting higher first-quarter profits. It also said it would be having talks shortly with takeover target Ahrend, the office equipment manufacturer, and said it would discontinue its own tissua and toy businesses.

Optimism about first-quarter figures from Royal Dutch, due tomorrow, pushed it 20 cents higher to Fl 137.60.

MILAN improved a little on Monday's performance but volume, at L97bn worth of shares traded, remained very low. Investors were still discouraged by tbe declaration of insolvency of two brokers, ownsd by brothers Messrs Enrico and Gerardo Guigni, within a week.

There was some scattered interest, whicb helped the Comit index rise 0.5 to 606.18.

BRUSSELS began the new two weekly trading account on a firm note, buoyed by good company results. The cash market index rose 25.90 to 1,970.67.

Glaverbel, the glass maker, benefited from news of 24 per cent higher annual profits, rising BFr180 to BFr4,880.

Insurer AG was unchanged at BFr8,800, reporting 37.5 per cent higher earnings, largely as expected. Solvay, announcing its purchase of an animal health company in Italy, gained BFr150 to BFr14,050.

ZURICH was fairly stagnant, held in check by continuing worries over interest rates, and the Crédit Suisse index lost 4.7 to 565.2. Pargesa, which announced 1988 profits little changed from last year, slipped SFr20 to SFr1,660.

OSLO closed generally mixed, although news that foreign investors have been allowed back into Norway's bond market after a five-year ban lifted bank and insurance shares in busy trading. One analyst said West German investors were showing early interest in the bond market.

The all-share index rose 0.39 to 492.46 in trade worth NKr600m. The central bank's decision to cut its key overnight lending rate by ½ point to 10¼ per cent had been widely expected and largely discounted by the market.

Norsk Hydro, which struck oil or gas while drilling an exploration well off southern Norway, added 50 ore to NKr169.50.

STOCKHOLM closed slightly lower in dull trading with investors' interest focused on the suspension of Hexagon shares and the company's extra board meeting yesterday. Property company Consolidator later announced it had raised s previous bid of SKr236 to SKr245 for the unlisted Hexagon A share to counter a possible new bid from Axel Johnson last month.

The Affärsvärlden General index dipped 2.6 to 1,136.1.

SOUTH AFRICA

GOLD shares eased slightly as uncertainty continned to cloud the market. Vaal Reefs shed R2 to R319 and Deelkraal slipped 25 cents to R11.25.

ASIA PACIFIC

Profit-taking ends six-session Nikkei surge

Tokyo

PROFIT-TAKING won the day as investors turned wary after e six-session run of record highs and share prices fell on a wide front, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei index, which had posted six consecutive record highs and had closed over the 34,000 mark for the first time on Monday, opened tbe day weaker, as investors became wary of precipitously high prices.

After temporarily regaining some of its early losses, the Nikkei index closed down 103.37 at 34,031.87. The day's high was 34,174.86 while the low was 33,948.42. Declining stocks at 611 were far ahead of advancing ones at 349 while 137 issues were unchanged.

Turnover dropped to 1bn shares against 1.1bn on Monday. The Topix index of all listed shares fell 6.37 to 2,538.23, bnt later in London, the ISE/Nikkei 50 index closed up 4.66 at 2,022.33.

Overnight weakness on Wall Street and the yen's recent sharp decline against the dollar were other factors dampening investor enthusiasm on the equity markst. Following its year's high on Monday, the dollar rose to another high for the year of Y135 yesterday morning. In addition, the Minister of Finance described the dollar's recent npsurge as "undesirable," raising concerns about the effect that a weaker yen could have on inflationary pressures in Japan.

The main factor underlying yesterday's downturn was, however, profit-taking in the face of substantially higher prices. While institntional investors have not given strong support to the market recently, individual investors – who have – are finding themsslves trapped with shares that have risen so high that they are having difficulty going any further, according to Mr Masami Okuma at UBS Phillips & Drew.

Issues that have led the market's gains, such as constructions and chemicals, hava recently been neglected largely for that reason. Meanwhile, althongh index-linked trust funds have led to gains in the Nikkei and Topix indices, buying interest has been unfocused and has tended to be short-lived in any particular sector. Since Monday the move has been mainly to select issues that have lagged the gains in the indices.

Among those that were popular yesterday were electricals, particularly blue chips such as Sony and Toshiba. Some analysts said interest in electricals stemmed from speculation that special investment trust funds would soon be buying in that sector. High-technology issues also seemed undervalned.

Sony added Y110 to Y7,110 while Toshiba, whicb topped the most actives list with 88.1m shares, rose Y50 to Y1,310. Hitachi was also actively traded and advanced Y40 to Y1,660 while Mitsubishi Electric increased Y30 to Y1,160.

Shipbuilding issues were selected in early trading but lost to profit-taking by the close: Mitsui Engineering and Shipbuilding firmed Y9 to an all-time high of Y992 before closing down Y12 et Y973. Shipbuildings have been popular for the recovery of their international competitiveness and rapid increase in orders.

Electricals were popular in Osaka but profit-taking caused the OSE average to drop 96.88 to 33,072.02. Volume declined to 86.63m shares against 129.38m traded on Monday. Toshiba added Y70 to Y1,310 but Tokyo Electric Power, a strong gainer on Monday, lost Y190 to Y6,360.

Roundup

INVESTORS also took profits in Asia Pacific markets, after a good run for both Hong Kong and Singapore last week.

HONG KONG oscillated throughout the day, with share prices moving in and out of the red to end 6.29 down at 3,262.25 on the Hang Seng index. Turnover dropped from Monday's HK$2.5bn to HK$1.8bn.

Hongkong Land was the day'e most active stock, closing steady at HK$12.50, while Sino Land rose 3 cents to 74 cents in busy trading. BCIL, the investment arm of Bond Corp Holdings, dropped 2½ cents to HK$2.27½ amid rumours that BCIL had agreed to sell its 50 per cent stake in a prime Hong Kong office complex.

Wing On jumped 80 cents to HK$15.50 on rumours that New World Development, steady at HK$14.40, would sweeten its bid for a 73 per cent stake.

AUSTRALIA succumbed to profit-taking amid worries over the global economy and all sectors lost ground. The All Ordinaries index fell 10.8 to 1,501.8 in healthy turnover of 129m shares worth A$245m.

Industrials led the way lower, with News Corp falling 30 cents to A$12.25. ANI, facing a takeover bid from Consolidated Press, was unchanged at HK$1.44, compared with the bid price of HK$1.40 a share.

Memtec, the high technology company, rose to a year's high of A$2.40, up 10 cents, on speculation of a possible takeover. TNT, the transport group, was especially weak after announcing third quarter profits, falling 12 cents to A$3.23.

SINGAPORE returned from Monday's holiday to face profit-taking in active trading after rising last week to post-crash highs.

The Straits Times industrial index edged down 1.95 to 1,280.57, having reached a high of 1,286.09. Malaysia was closed for a holiday yesterday

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Inatitute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MAY 9 1989						MONDAY MAY 8 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	135.88	−1.5	121.32	113.55	−0.9	4.91	137.93	122.49	114.58	157.12	128.28	120.20
Austria (19)	122.61	−0.6	109.48	122.07	+0.4	2.11	123.31	109.50	121.64	124.16	92.84	90.94
Belgium (63)	132.07	−0.2	117.92	131.10	+0.3	4.15	132.39	117.57	130.76	137.10	128.52	126.39
Canada (127)	134.42	−0.4	120.02	115.59	−0.3	3.40	135.00	118.88	115.89	137.27	124.67	120.62
Denmark (38)	180.30	−0.1	160.99	182.51	+0.2	1.83	180.47	160.27	182.19	180.57	165.35	118.43
Finland (26)	150.21	−1.1	134.11	134.32	−0.6	1.56	151.88	134.88	134.74	159.16	125.81	128.33
France (130)	117.86	−0.8	105.23	118.57	−0.1	3.11	118.58	105.30	119.69	122.79	112.57	89.82
West Germany (100)	84.69	−1.2	75.61	84.34	−0.3	2.37	85.74	76.14	85.03	90.40	81.77	73.73
Hong Kong (49)	138.37	−0.2	123.55	138.22	−0.2	3.86	138.61	123.09	138.45	138.81	111.80	102.20
Iraland (17)	145.48	−1.0	129.89	147.00	−0.4	2.88	146.92	130.47	147.66	151.36	125.00	123.68
Italy (98)	79.56	−0.3	71.04	82.95	+0.1	2.54	79.78	70.85	82.91	86.88	76.16	74.61
Japan (455)	190.89	−0.2	170.44	162.88	−0.2	0.47	191.31	188.88	163.01	200.11	180.30	174.29
Malaysia (36)	182.70	+0.3	163.13	190.02	+0.4	2.51	182.22	181.82	189.24	162.70	143.35	129.65
Mexico (13)	181.85	−0.1	162.37	483.85	−0.3	1.04	182.12	161.73	485.54	182.88	153.32	127.77
Natherland (42)	116.42	−0.4	105.74	116.61	+0.0	4.42	118.89	105.58	116.64	122.22	110.63	106.32
New Zealand (24)	71.89	−0.4	64.19	61.38	+0.2	5.96	72.17	64.09	61.25	76.02	66.84	77.10
Norway (26)	186.45	−0.6	166.48	175.00	−0.2	1.53	187.88	166.84	175.32	198.39	139.92	120.47
Singapora (26)	156.76	−0.8	139.97	141.34	−0.6	1.92	158.22	140.50	142.14	158.22	124.57	111.57
South Africa (60)	134.79	−1.4	120.35	124.06	−0.7	4.18	138.64	121.34	124.98	144.88	115.35	123.81
Spain (42)	153.81	+0.4	187.16	138.31	+0.9	3.55	153.00	135.67	137.06	156.17	143.14	150.35
Swedan (35)	156.29	−0.7	139.54	148.75	−0.3	2.30	157.36	139.75	150.26	162.00	138.45	122.06
Switzerland (57)	72.59	−0.4	64.81	76.88	−0.4	2.42	72.88	64.72	78.99	79.76	72.59	77.20
United Kingdom (315)	146.35	−0.3	130.67	130.67	+0.2	4.35	146.85	130.41	130.41	153.33	134.53	140.18
USA (560)	124.35	−0.2	111.03	124.35	−0.2	3.59	124.64	110.69	124.64	125.97	112.13	104.82
Europe (1008)	118.50	−0.5	105.80	112.48	+0.0	3.58	118.06	105.73	112.50	121.70	114.02	108.41
Nordic (125)	153.79	−0.5	137.31	144.21	−0.1	1.97	154.62	137.31	144.42	155.61	137.95	112.43
Pacific Basin (678)	186.39	−0.3	166.42	159.32	−0.2	0.88	188.87	165.95	159.69	194.72	176.37	169.32
Euro−Pacific (1687)	159.23	−0.3	142.17	140.88	−0.2	1.58	159.75	141.86	140.91	164.22	152.83	144.98
North America (887)	124.86	−0.2	111.48	123.82	−0.2	3.58	125.17	111.15	124.11	126.52	112.79	105.68
Europe Ex. UK (693)	101.20	−0.6	90.36	101.24	−0.2	2.95	101.79	90.40	101.42	105.29	98.84	88.77
Pacific Ex. Japan (224)	*132.38*	*−0.9*	*118.20*	*117.37*	*−0.5*	*4.31*	*133.53*	*116.58*	*117.97*	*137.65*	*123.48*	*109.45*
World Ex. US (1887)	158.14	−0.8	141.20	139.81	−0.2	1.88	158.67	140.81	140.05	162.77	152.04	148.90
World Ex. UK (2132)	144.85	−0.3	129.33	134.95	−0.2	2.03	145.28	129.02	135.26	146.04	138.06	127.73
World Ex. So. Af. (2387)	145.04	−0.3	129.50	134.61	−0.2	2.23	145.46	129.18	134.87	146.65	138.82	128.85
World Ex. Japan (1992)	122.97	−0.4	109.80	119.89	−0.2	3.61	123.43	109.61	120.09	124.85	114.51	107.00
The World Index (2447)	144.97	−0.3	129.44	134.54	−0.2	2.24	145.41	129.13	134.80	146.51	138.88	128.82

Amendments have been made to the Local Currency Nordic indices.Corrected figures are available from FT Prices: Tel.(London) 873 4400.